United Nations A/60/PV.3

General Assembly

Sixtieth session

Official Records

3rd plenary meeting
Wednesday, 14 September 2005, 10.15 a.m.
New York

Co-Chairperson: El Hadj Omar Bongo Ondimba. . . . . (President of the Gabonese Republic)
Co-Chairperson: Mr. Göran Persson . . . . . (Prime Minister of the Kingdom of Sweden)

The meeting was called to order at 10.15 a.m.

High-level Plenary Meeting of the General Assembly: separate meeting on Financing for Development

The Co-Chairperson (Gabon) (*spoke in French*): The General Assembly will now begin its separate meeting on Financing for Development, held in accordance with Assembly resolution 59/291 of 15 April 2005, under item 53 of the provisional agenda.

The Assembly will recall that, under the auspices of the United Nations, the second High-Level Dialogue on Financing for Development took place here in New York on 27 and 28 June 2005. The aim was to review the implementation of the Monterrey Consensus and to discuss ways of guaranteeing its full implementation.

This meeting on Financing for Development, which follows on from the previous meeting, is, therefore, of special importance. The process that was launched in Monterrey provided a framework to explore ways and means to mobilize financial resources necessary for development.

Indeed, the resources allocated to financing for development are still very far from the minimum that is necessary, and this seriously jeopardizes the implementation of the commitments undertaken three years ago. That is why I am pleased to welcome the decisions of the G-8 to cancel the debt of 18 developing countries, as well as other steps taken by the European Union to increase official development assistance (ODA). The historic decision taken by heads of State and Government last June in Doha to create a development fund derives from the same impetus. All other initiatives that seek to provide resources and to put in place more equitable trade measures within the context of the Doha round, including all of those initiatives aimed at finding new sources of financing for development, should be encouraged. In this context, it is essential to ensure greater consistency among the various, international monetary, financial and commercial systems. Indeed, it is the international community's responsibility to make efforts to establish a multilateral trading system that is more open, fairer and more favourable for development. I hope that all of those actions will be successful and that they will help us to achieve the goals on which we have all reached agreement.

I give the floor to His Excellency Mr. Göran Persson, Prime Minister of Sweden, Co-Chairperson of the High-level Plenary Meeting.

The Co-Chairperson (Sweden): Development, peace and security and respect for human rights are closely linked. Together, they create the preconditions for a life in dignity. Alone, none of them will be adequate to address poverty or create good living conditions throughout the world. World poverty is a common, moral responsibility. Poverty is one of the major threats facing humanity. During this meeting today, I expect us to reaffirm the recognition that poverty is a common challenge, requiring action by all

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parties. During the Millennium Summit, world leaders defined a number of tasks aimed at halving poverty by 2015. The Millennium Development Goals have been instrumental in raising public support for development issues and in focusing international efforts on measurable results.

During the past five years, there has been impressive progress in many areas. However, it has been too slow in other fields. Progress has been unevenly distributed between and within countries. Africa remains a region of great concern, but other areas of the world lag behind, too. At this time, progress in well-performing countries benefits only a few. A good average does not necessarily translate into prosperity for the poorest. We must therefore renew our pledges and intensify our efforts if we are to honour our commitments.

Important initiatives have been undertaken in the run-up to this meeting. Five countries have reached the official development assistance (ODA) target of 0.7 per cent of gross national income (GNI). I am proud to announce that, in a few months' time, Sweden will reach 1 per cent of GNI. The European Union has established a firm timetable for attaining 0.7 per cent by 2015.

The Group of Eight initiatives on debt relief and on Africa are important contributions. Innovative forms of financing are being developed to complement ODA increases. Efforts to increase amounts of aid must be accompanied by measures to increase its quality. Within the framework of the Organization for Economic Cooperation and Development, a number of measures have been agreed that will improve the effectiveness of aid and strengthen recipient ownership. All countries should act on those commitments by 2010.

Other policy areas, including trade and agriculture, have a great effect on global development. Ensuring policy coherence is a major Government responsibility. That inspired my own country to adopt a new policy according to which the Government must work for sustainable and equitable development in all fields. The European Union has made a similar commitment.

At Monterrey in 2002, we established a new consensus for international development cooperation. Developing countries have the prime responsibility for their own development. In order to achieve sustainable and equitable development, a number of things must be in place: respect for human rights and the rule of law; strong democratic institutions; investment in women's and girl's empowerment; an enabling environment for private enterprise and foreign investment; effective measures against corruption; transparency; and good governance.

We, the leaders of the world, have the means to shape the future. We also have a responsibility to each and every citizen of the world. The expectations are high. Let us take on the challenge, and let our legacy be no more poverty.

I should now like to turn to some organizational matters pertaining to the conduct of the meeting.

Turning first to the length of statements, in order to accommodate all the speakers at this meeting, and taking into account that we have to exhaust the list before 1 p.m. today, I strongly urge speakers to limit their statements to three minutes.

In order to assist speakers in managing their time, a light system has been installed at the speaker's rostrum, which functions as follows. A green light will be activated at the start of the speaker's statement; an orange light will be activated 30 seconds before the end of the three minutes; and a red light will be activated when the three minutes have elapsed.

For those speakers who wish to express congratulations, in order to avoid disruption for the speakers, I would seek the cooperation of representatives in remaining in their seats after a statement has been delivered. In this connection, I should like to invite speakers, after delivering their statements, to exit the General Assembly Hall through room GA-200, which is located behind the podium, before returning to their seats.

Addresses on the occasion of the High-level Plenary Meeting

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Vicente Fox, President of the United Mexican States, head of the delegation of the host country of the International Conference on Financing for Development.

President Fox (*spoke in Spanish*): I should like at the outset to express Mexico's sincere condolences to the people and the Government of the United States for the tragic loss of life and material damage caused by Hurricane Katrina. The generosity of the various

peoples shows us that solidarity and cooperation occupy a central place in international relations today. Accordingly, Mexico today joins its forces with those of other countries to provide all possible assistance to the people of the United States.

In 1945, a world that was awakening from horror decided to create an Organization intended to save succeeding generations from the scourge of war. Thus the United Nations arose 60 years ago, founded so that States could work out their differences in peace and agree on joint actions to confront the grave problems of humanity. Today, we must lead our Organization to a higher stage that enables us to address and overcome challenges such as hunger, poverty, human rights violations and terrorism, which threatens our security.

We welcome the agreement reached in the past few hours with regard to the reform of the Organization. We are pleased at the importance given to the subjects of human development and financing for development. That is a good starting point. But we have many challenges ahead of us. Let us have a strong and effective United Nations — a United Nations of the twenty-first century. In future discussions, we should include, inter alia, the issue of the proliferation and reduction of nuclear weapons. Let us move forward on the configuration of a renewed Security Council; let us move forward together in the right direction; let us impose timetables, dates and commitments for a better world.

Nearly four years ago at Monterrey, we decided to promote the development of our peoples and took on commitments and concrete objectives through the Millennium Development Goals. Mexico has made satisfactory progress in achieving the Millennium Development Goals. Of the 12 Goals relevant to our country, we have already achieved seven, four are in the process of being achieved, and we need to undertake further effort on one.

So that the Millennium Development Goals continue to fulfil their purpose, I should like to propose to this Plenary Meeting that countries with a level of development similar to Mexico's set out new goals that are relevant to their realities. It is possible to go further in poverty reduction; it is possible to be more ambitious in guaranteeing gender equality; and it is possible to aim for greater achievements in health and education.

Today, here, within our Organization, we must adopt and strengthen mechanisms and instruments to ensure the fulfilment of the commitments that have been adopted. We need to go beyond the expressed political will to resolve grave problems, such as poverty, to concrete actions aimed at accomplishing that. We must transform discourse into clear and quantifiable commitments and dates.

At the Monterrey Conference, we forged a historic partnership between developed and developing countries and among the United Nations, the Bretton Woods institutions and the World Trade Organization. That partnership is in everyone's interests, because it will narrow the gap that impedes the progress of developing countries.

Together, let us overcome poverty. The survival of small islands of prosperity surrounded by seas of destitution is not viable. In an interdependent world, poverty exacerbates other evils and results in instability, conflicts that know no borders and threats to peace and security at the regional and global levels. Hence, we must accept the urgency of ensuring that the development cooperation mechanisms outlined at Monterrey bear fruit in the shortest possible time.

It is encouraging that some developed countries are achieving the goal of allocating 0.7 per cent of their gross national product to development assistance and that others have established precise timetables to do so. However, we must be very clear and frank in pointing out that, even if that important goal is reached — and we must demand of ourselves that it is — it will not guarantee the eradication of world poverty. We must do more — much more.

A core issue is the need to improve the effectiveness of aid and to focus it on poverty reduction. I wish to congratulate the Group of Eight on the commitments adopted at the Scotland summit to forgive the multilateral debt of 18 least developed countries. We must now accompany that initiative by adding other nations that find themselves in similar circumstances.

Actions that reduce the debt burden of other nations, promote the development of infrastructure and new investments, generate jobs and open the markets of developed countries to the agricultural and manufactured products of developing countries are some of the best tools for fighting poverty. Let us commit ourselves today to ensuring that the Doha

development round achieves concrete results in terms of free access to markets and services, the facilitation of trade and the definition of rules that provide certainty. Let us also commit ourselves to ensuring full participation by developing countries in the decision-making of international economic institutions. Let us renew the commitments undertaken at Monterrey and strengthen institutional dialogue.

The effective and prompt implementation of agreements and the fulfilment of commitments agreed by consensus are conditions necessary for reaching the Millennium Development Goals.

On the sixtieth anniversary of our Organization, we must acknowledge the fact that collective security, economic development and full respect for human rights are closely and indissociably linked. We will not succeed in doing away with the various threats to security if we do not achieve true progress in the common Agenda for Development that we have adopted.

Mexico hereby reaffirms its commitment to the global partnership for development set out in the Monterrey Consensus. Mexico hereby reiterates that it will continue building bridges between the developed and the developing countries. Our commitment must be as strong as our greatest needs require.

I invite all nations to strive even harder to advance together, effectively and decisively, in the elaboration and implementation of the new global agenda for development, as we agreed to do at Monterrey. On the basis of the document that was adopted yesterday, let us together build a new and strong United Nations and a better world of harmony, peace, development and prosperity.

The Co-Chairperson (Sweden): I now invite His Excellency Mr. Kofi Annan, Secretary-General of the United Nations, to take the floor.

The Secretary-General: The past quarter-century has seen a most dramatic reduction in extreme poverty. Yet international solidarity has still fallen well short of need, as many of you know all too well.

Five years ago, here in New York, the world's leaders signed on to the following words from the Millennium Declaration:

> "We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty" (*resolution 55/2, para. 11*).

Three years ago, at the International Conference on Financing for Development, many of you were among the world leaders who put their weight behind the Monterrey Consensus. "Our goal is to eradicate poverty", we said at Monterrey. You expressed concern about "dramatic shortfalls in resources", and you insisted that "our resolve to act together is stronger than ever".

Important progress has been made to redeem those pledges and to achieve the Millennium Development Goals (MDGs). Aid has increased significantly. The European Union has set a timetable to reach the 0.7 per cent aid target by 2015. The G-8 countries have agreed on substantial debt relief for a number of countries. Promising new ideas are being explored, such as the International Finance Facility.

The quality of governance and policy is improving rapidly in most regions. Many developing countries are investing in their people, promoting democracy and the rule of law, tackling corruption and welcoming the private sector as a partner.

But there remains an enormous backlog of deprivation. Our challenge now is to transform the breakthroughs of the past few years into a Monterrey-based MDG performance pact.

At the national level, that means States must practice good governance and mobilize domestic resources. It is also crucial that they devise strategies that are ambitious enough to meet the Goals and other important development objectives.

For the international community, it means supporting those steps through wide-ranging global reforms: more and better aid; trade policies that give a fair chance to developing countries; more investment in the world's poorest countries; and opening up institutions to allow the developing world to have a greater voice. The General Assembly and the Economic and Social Council must play a stronger role in monitoring performance, offering advice and, when needed, issuing warnings. Global public opinion will also be a key force in getting the job done.

The document adopted yesterday as the official outcome document of this summit is not all that we had hoped for. But it is safe to say that this summit has

served as a real catalyst for development advances that we have been seeking for many years.

Whatever our remaining disagreements on some issues, and whatever the need for further discussion on others — on trade, for example — we have made real strides towards alleviating the suffering endured by so many of the world's people at the hands of extreme, senseless poverty.

The summit Declaration maps the path to an effective global partnership for development. It enshrines the principles of mutual accountability and mutual responsibility that are the essence of the Monterrey Consensus, and it embodies the notion of national ownership that is at the heart of development.

What the world needs now is leadership that will see this summit's development decisions implemented fully and without delay. This is a matter of morality, security and enlightened self-interest. We have an opportunity to save tens of millions of lives over the next decade and to lift hundreds of millions of people out of poverty. We must not disappoint them.

The Co-Chairperson (Sweden): I thank the Secretary-General for his statement.

The Assembly will now hear an address by His Excellency Mr. Pervez Musharraf, President of the Islamic Republic of Pakistan, head of the country of the President of the Economic and Social Council for 2005.

President Musharraf: It is indeed a great honour for me, in Pakistan's capacity as President of the Economic and Social Council, to participate in this summit meeting on financing for development.

At Monterrey, we agreed to take action to achieve specific development goals by generating the required financing. The sixtieth anniversary summit will welcome some of the measures taken since Monterrey. Yet it is clear that substantial and specific steps will need to be taken to realize the goals of ending poverty and ensuring a life of dignity for all our peoples.

It is possible to generate the political will to end global poverty in our lifetime. After all, we have broad agreement on the development policies and goals, the visible support of common people for the development agenda, global availability of financial and technological resources and examples of the economic success of several developing countries.

The road map for national and international action is very clear. First, there should be sound national policies and correct governance. Good policies can turn around the worst-performing economies. In Pakistan, with sound policies, we have within four years acquired macroeconomic stabilization and accelerated economic growth to 8.4 per cent this year — one of the fastest growth rates in Asia — in virtually all sectors of the economy, including manufacturing, agriculture, energy, telecommunication, services and information technology. With a realistic hope for peace in our region, we will endeavour to sustain this positive trend by forging close economic partnerships with China, South Asia, Central Asia, East Asia and West Asia, including the Gulf region, as well as with our developed country partners.

Secondly, development cannot happen without adequate financing. We must utilize all possible mechanisms to generate such financing. Resource mobilization is a most important source of development. In Pakistan, we have adopted several modalities to do this, such as utilizing foreign grant assistance to retire our most expensive past debt, interest rate swaps, issuing property titles to the poor and the creation of a human development fund through private and public sector partnership.

Here, I would like to share Pakistan's experience on how we turned around our economy in a very brief span of time. The two areas on which we concentrated — those we thought to be the real malaise that lay at the root of Pakistan's economic malaise — were the fiscal deficit area and the external balance of payments deficit. We first of all tackled the fiscal deficit issue by reducing our expenditures, which were mainly on the establishment: we reduced establishment costs. Secondly, we froze our defence expenditure. And thirdly, we controlled the haemorrhaging of all our public sector corporations. On the positive side, we increased our revenue generation by documenting our economy, and revenue generation increased by over 100 per cent. That was how we brought the fiscal deficit down from 8 per cent to less than 4 per cent.

Regarding the external balance of payments deficit, which stood at about $5 billion five years ago, we reduced our expenditures; that was mainly on debt servicing. We reduced them through debt write-off and debt relief, as well as through the method of reducing our own debts. On the positive side, we increased our export earnings by over 100 per cent, we increased our

remittances by over 500 per cent and we increased foreign direct investment by over 400 per cent over the past five years. That is how the turnaround of the economy took place: by reducing the fiscal deficit and converting the external balance of payments from deficit to surplus.

However, may I say that rapid development cannot be achieved through domestic financing alone. It requires sizeable and critical amounts of external financing, such as grant assistance, loans, export earnings and foreign direct investment or other capital market flows.

Official development assistance (ODA) is the most important source of financing for the poorest countries. We welcome the commitments made by most of the developed countries to the 0.7 per cent ODA target. Efforts to create innovative mechanisms for development financing also deserve universal support. Both new and some old ideas for such financing deserve consideration.

Most developing countries continue to require external financial assistance to directly address the goals of poverty eradication, infrastructure and skills development and the creation of capacity for production and trade. We welcome the declaration by the Group of Eight favouring debt cancellation, time-bound commitments for enhanced ODA and the efforts for additional innovative financing. The real impact will depend on how these schemes are actually implemented.

Foreign direct investment flows can and should be encouraged to a wider circle of developing countries. They facilitate technology transfer, create jobs, boost productivity, enhance competitiveness, accelerate economic growth and eliminate poverty.

Thirdly, an open and equitable international trading system is indispensable for sustainable growth and development. The development objectives of the Doha round must be achieved.

Finally, we need not only good national governance but also good global governance. This implies the introduction of equity into international economic policymaking.

The reform and revival of the United Nations, to which so much energy is being devoted, can emerge only from the principles of justice and equality enshrined in the Charter. United Nations reform will be hollow so long as mass poverty, hunger and disease stalk many of our nations, conflicts convulse so many societies and the world remains pervasively unequal and, in many ways, unjust to the poor and the powerless. The September summit must act resolutely to redress those inequities and overcome the deprivation suffered by the majority of the world's people.

The Co-Chairperson (Sweden): We are receiving complaints about the length of speeches. We have agreed upon a three-minute limit; please stick to the limit. If speakers have longer speeches, it is possible to deliver them to the Hall in written form. However, the limit from the rostrum is three minutes; every one of us must obey that rule.

I now give the floor to Mr. Paul Wolfowitz, President of the World Bank.

Mr. Wolfowitz (World Bank): Five years ago, a remarkable vision was laid out in this very Hall, a vision which spelled progress and hope for humanity. Leaders from rich and poor nations alike made a bold promise to make history in the fight against hunger, poverty and disease.

The Millennium Development Goals (MDGs) created a metric of accountability for which humanity will hold us answerable. They also placed in our hands a vital tool for measuring progress.

But measurement alone will not bring results. Rapid progress has put many countries on track to meet the MDGs.

But let us be honest. Many of the poorest countries, especially in sub-Saharan Africa, will not meet the targets on time. We must develop realistic plans to get them on track. It is time to deliver. This calls for developing countries to improve performance and developed countries to fulfil their promises to increase aid. It calls for dismantling trade barriers and ending agricultural subsidies that hurt farmers and small businesses. And it calls for strengthening the private sector and encouraging a vibrant civil society in developing countries. Rich and poor countries alike share a responsibility to fight corruption and improve governance and accountability.

In Rwanda I met a remarkable woman whose hard work and determination symbolized the talents and dreams of millions of Africans. Beatrice Gakuba left a comfortable life in the West to start a flower-

growing business in her native Rwanda. Against enormous odds, her small farm grew, creating jobs for nearly 200 rural women. When I asked Beatrice why she decided to take on such a daunting challenge, she replied "I came here to grow beautiful flowers on the ashes of genocide". Her biggest obstacle to creating even more jobs is not a lack of skilled workers or of entrepreneurial spirit; it is a weak infrastructure that makes electricity unreliable and transportation unaffordable.

Through sound policies, Rwanda has come a long way from its years of pain and conflict, averaging 6 per cent annual growth. Some other African countries are on the right track, but to transform Africa into a continent of hope, they need our help.

The responsibility for doing more and doing better cannot be left to the developing world alone. It demands more than high profile summits; it demands urgent results. The World Bank is developing an African Action Plan with 25 initiatives to improve education, roads and power, with financing targets and measurable goals.

Today, we have a choice. We promised here five years ago to help bring hope, dignity and opportunity to the lives of the poorest. We promised to measure and achieve results. As we gather here today, let us not forget the Beatrice Gakubas of the world, who stand poised to transform their countries. Today, we stand accountable to them.

The Co-Chairperson (Sweden): I now give the floor to Mr. Rodrigo de Rato y Figaredo, Managing Director of the International Monetary Fund.

Mr. De Rato (International Monetary Fund): I am very pleased to be here, on behalf of the International Monetary Fund (IMF), with so many distinguished leaders. The world is represented here today, and the citizens of the world share an intense desire: to eliminate extreme poverty. I hope that at this summit we can get closer to satisfying that desire.

As a partner in the global effort to reduce poverty, the IMF is a strong supporter of the Monterrey Consensus and is committed to helping countries meet the Millennium Development Goals. We are doing so in many dimensions, including by establishing a new mechanism to provide financial support to low-income countries dealing with shocks such as high oil prices or natural disasters.

In our policy advice we are always trying to make our work more effective and to learn from experience. What have we learned? What actions are needed by the international community, low-income countries, donor countries and multilateral institutions like the International Monetary Fund to make faster progress towards the Millennium Development Goals?

First and foremost, we need policies in low-income countries that promote economic growth. Growth is the main engine that drives development. To achieve economic growth, countries need at a minimum three things: economic and financial stability, structural policies that help the private sector to flourish, and a supportive external environment. The IMF policy advice and financial assistance in low-income countries will continue to promote policies that support stability and growth, and our technical assistance will continue to focus on developing key economic institutions, which are essential for private initiative to develop.

Among the elements of a supportive external environment are global financial stability — and promoting that is central to our work in the IMF — and certainly also more open trade. When I was in Benin in May, I learned at first hand from farmers and government officials from all over West Africa about the damage being done to agriculture in developing countries by protectionist policies in the developed world. But even if those barriers were to disappear, many African countries would still be limited in their ability to compete. We all know that trade between African countries is among the most expensive in the world. All countries, including developing countries, need to work together to lower trade barriers and eliminate trade-distorting subsidies. The next vital step in achieving this must be an agreement on ambitious reforms in the Doha round.

We need more aid to developing countries, and the recent pledges of the G-8 countries are indeed welcome. As I said here a year ago, the IMF has long been an advocate of increases in aid flows and debt relief, and we are working intensively on how to best give effect to the G-8 debt forgiveness proposal. In doing so, we must ensure that institutions like the IMF continue to have the financial resources to help all low-income countries in the future.

But also, we need smarter aid, and smarter use of aid. Aid flows should be predictable and aligned with

countries' needs. Also, as aid is scaled up, it is especially important to be aware of the complex relationships between aid flows, the macroeconomic framework, national budgets and the spending needed to meet the Millennium Development Goals. The IMF can help countries improve macroeconomic policy and management of public expenditures so that they can use aid more efficiently — for example, for targeted spending on education and health — and also help Governments realize full benefits in absorption of aid. The IMF will deepen its involvement in those issues as aid increases.

A poet once wrote that no man is an island, entire of itself. We are gathered here on an island today, on Manhattan, but it is an island intimately connected to the rest of the world. In today's world of globalization, the well-being and security of all of us are connected. Actions taken here, or in Brussels or in Beijing, will change the lives of the children in Benin and in Bangladesh. We must meet our responsibility. We must work for better policies, more trade, more aid and smarter use of aid, so that those children can create a brighter future for their own children.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency The Most Honourable Percival James Patterson, Prime Minister and Minister for Defence of Jamaica, on behalf of the Group of 77 and China.

Mr. Patterson (Jamaica): Mr. Co-Chairpersons, the Group of 77 and China, on whose behalf I speak today, is most pleased to have you both preside over this very important meeting. We gather here to assess our effort to provide the financing necessary for the development of the developing countries in the context of our joint commitments made at the Millennium Summit and the several development-oriented conferences and summits since the 1990s. Looking ahead, we must determine and provide the additional financing required to ensure achievement of the development objectives and goals, including the Millennium Development Goals (MDGs), within the stipulated time frame.

Since the Millennium Summit, the developing countries have made total net transfers of more than $1,174.5 billion to the developed countries. These negative transfers have persisted, despite the commitments made by the developed countries to increase official development assistance, to reduce debt and debt-service payments, to open their markets to the products of developing countries, and to encourage private investment in developing countries.

While resources from developing countries flow to developed countries without impediments, the initiatives and programmes of developed countries which would transfer resources or provide access to developing countries have been either negligible, stymied in negotiations, or surrounded with strict policy conditionalities.

Developing countries have been making significant efforts and have increased their domestic resources, but a large portion of these resources has not been available for development investment, as Governments have been forced to use it for debt servicing, particularly for the multilateral development banks and as international reserves.

Investment flows have recovered, reaching the annual average for the years prior to the Asian crisis. These flows, mainly foreign direct investment, are, however, concentrated in a few large developing countries, while flows to other regions have been in steady decline.

Until recently, there was a precipitate fall-off in the implementation of commitments after the Monterrey Consensus, particularly in the mobilization of financial resources for development.

The Group of 77 and China is therefore most encouraged by recent commitments to substantial increases in official development assistance and by the establishment of firm timetables by the European Union for its members to reach the 0.7 per cent target. We urge other developed countries to do likewise.

There have been reductions in the ratios of debt to gross national income and debt service to export earnings since 2000, due to strenuous efforts at repayment by developing countries and some debt relief.

With due deference to the 2003 "Evian approach", there has, however, been no real initiative to address the debt of low-income and middle-income developing countries that are not part of the Heavily Indebted Poor Countries (HIPC) Debt Initiative process. That burden is far too heavy for many of those countries.

There has been no progress in the Doha development round, and consultations to date have yielded no fundamental instructions to the Hong Kong ministerial meeting, to be held in November, to advance the situation of developing countries.

There have been many studies and proposals in this area, including the initiative of the President of Brazil on action against hunger and poverty. We welcome all these initiatives but note that none has yet reached a stage of agreement for implementation.

We need to be ambitious and determined in the face of the assessment that we are not yet on track to fulfil the objectives of any of the development-oriented summits, largely due to limitations of financing, and given that there are average annual net transfers of more than $230 billion from developing countries to the developed countries. It is not sufficient to set targets; we must honour their implementation in a timely manner.

It should by now be abundantly clear to all of us that we cannot cross this chasm of development financing by taking a series of small steps. We need to take a giant step. Let us do so now.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Olusegun Obasanjo, President of the Federal Republic of Nigeria, on behalf of the African Union.

President Obasanjo: I am very pleased that we are meeting once more, at the summit level, to discuss financing for development three years after Monterrey. Our discussion is a fitting complement to the review of the implementation of the Millennium Declaration as well as the outcomes of other major United Nations conferences and summits in the economic, social and related fields.

We in Africa recognized the need to assume primary responsibility for addressing our development challenges and took practical steps through the adoption of the New Partnership for Africa's Development as the main framework to pursue sustainable development. Ownership and responsibility underpin the Monterrey Consensus, which emphasizes a partnership approach in the mobilization of domestic resources, the provision of an enabling environment for foreign investment, good governance at all levels and private-sector participation in development financing.

Since Monterrey, there have been commendable developments, especially with regard to the increase in the volume of official development assistance (ODA) to developing countries, particularly Africa; the decision of the G-8 to cancel the multilateral debts of 18 highly indebted poor countries; and the announcement by the European Union of a target date for reaching the 0.7 per cent ODA disbursement level, in fulfilment of a longstanding commitment. Additionally, innovative initiatives such as the International Finance Facility, promoted by the United Kingdom; the Brazil-led action against hunger; and the French airline-ticket levy campaign will provide resources to complement ODA. These are positive steps towards fulfilling the vision of the Monterrey Consensus. We salute those countries that have either reached or voluntarily exceeded the 0.7 per cent target. We urge countries that have yet to reach that target to take steps to do so.

The Monterrey Consensus rightly identifies trade as the engine for economic growth and calls for a more open, equitable, rule-based, predictable and non-discriminatory trading system. For this to be achieved, it is imperative that the negotiations on the Doha Development Agenda be concluded on time with substantial outcomes that promote development. To that end, there should be a rapid move to eliminate export- and trade-distorting domestic subsidies, particularly in the area of agriculture.

Africa needs genuine partnership in order to overcome its numerous challenges and problems. Among other options, Africa needs market access and investments to generate resources to meet the Millennium Development Goals.

The Co-Chairperson (Sweden): I now call on His Excellency The Right Honourable Mr. Hilary Benn, Secretary of State for International Development of the United Kingdom of Great Britain and Northern Ireland, who will speak on behalf of the European Union.

Mr. Benn (United Kingdom): Last year, AIDS, tuberculosis and malaria claimed the lives of 6 million people around the world. Today, 100 million children are not where they should be, in school. Tonight, as every night, millions of men, women and children will go to bed hungry. Three reasons why what we do here today matters. Three reasons why we have to tell the truth about the lives of so many of our fellow human

beings. Three reasons why, having heard that truth, we have to act, and act now.

As set out in the written statement that I present on behalf of the European Union, European heads of State and Government in June took the historic step to double aid between now and 2010. Fifteen member States committed to reach the United Nations 0.7 per cent by 2015, if they are not already there. I hope other countries will follow.

In July at Gleneagles, G-8 leaders added their pledges to those of the European Union and agreed that global aid will rise by $50 billion a year, by 2010, half going to Africa. The G-8 also agreed to try to get AIDS treatment to all by 2010 and to support free primary education, funding to fight malaria and free access to basic health care where countries want it.

But despite the progress made, we know that, judging by present trends, many of the Millennium Development Goals (MDGs) will not be achieved for 100 — or 150 — years. The world's poor cannot wait that long. Action is needed now — action to make sure that aid is used to help developing countries, to build their capacity to train more doctors, nurses and teachers, to show that government can make a difference to people's lives. Action on debt relief — vital — because it provides the certainty needed to hire the doctors and the teachers, and to buy the drugs.

The G-8 and the European Union are determined to cancel 100 per cent of the debts owed by the world's poorest countries to the International Monetary Fund, the World Bank and the African Development Bank. This is the debt relief promised, a promise we must keep at the World Bank and IMF annual meetings. Action is needed on innovative financing, including the International Finance Facility (IFF) and an airline ticket levy. Last week saw the launch of the $4 billion IFF for Immunization, which will help save the lives of five million children over the next 10 years.

I come to action on trade at Hong Kong. If rich countries open their markets and export subsidies, then poor countries will have the chance to earn and trade their way out of poverty. Time is now short to reach a deal; failure would be a betrayal of the world's poor.

And finally — although, in truth, first — we need action to promote peace, stability, good governance, economic growth and thriving democracies, the expectation of government by the people, Governments able to respond to the people, the future of every country in the hands of the people.

None of these things would have been achieved if it were not for the people who have campaigned and lobbied, demanding not charity, but justice. None of the progress we have yet to make will happen unless we show the same determination to match our passion with practical commitment. Ours is the generation upon which this responsibility has fallen. We owe it to all the people who have died, to every child not yet in school, to each human being who goes hungry every night, to accept that responsibility and to do what we know must be done to change our world for the better.

The Co-Chairperson (Sweden): I now call on His Excellency Mr. Mathieu Kérékou, President of the Republic of Benin, in his capacity as Chairman of the Coordinating Bureau of the Least Developed Countries.

President Kérékou: As Chairman of the Coordinating Bureau of the Least Developed Countries, I first wish to convey to the Co-Chairpersons our heartfelt congratulations on their election to the Chair of this High-level Plenary Meeting on Financing for Development, convinced as we are that, under your leadership, our work will be successful.

We welcome this great opportunity, which enables us once again to place human fulfilment and dignity at the centre of our concerns. Our search for development, through the mobilization of sources of financing, must be closely associated with this crucial approach.

In the history of our Organization, the Monterrey Conference marked the high point of an awareness of development problems and of the need to find solutions by providing countries, and the least developed countries in particular, with adequate financial resources, the solid foundation of which is the partnership between rich and poor countries.

When it adopted the Programme of Action for the Least Developed Countries for the Decade 2001-2010, the international community renewed its resolute commitment to help the least developed countries to tackle the structural mechanisms that dangerously exacerbate their poverty.

Despite the many sacrifices we are making, our economies continue to be marginalized, and our trade

balances are increasingly in deficit. We are fully aware that, in order to make our actions effective and sustainable, we, the least developed countries, must tirelessly continue our efforts in promoting good governance, establishing the rule of law, combating corruption and securing the effective participation of our people in decision-making processes at all levels.

The least developed countries appreciate the many initiatives that are under way to find innovative mechanisms for financing for development that will further mobilize resources for the poorest countries, and we express the hope that the various ideas expressed will not divert the attention of the international community from implementing the commitments undertaken at Monterrey. Furthermore, we wish to remind the international community that, in order to attain the goal it established at the Millennium Summit of halving the number of people living in extreme poverty by 2015, new, bold actions need to be undertaken in order further to alleviate the multilateral and bilateral debt of all of the least developed countries. In addition to sustainable debt management, urgent action needs to be taken in order to do away with agricultural subsidies, in particular cotton subsidies.

The year 2005 was declared the International Year of Microcredit to stress the crucial importance of access to financing, particularly to microfinancing. Indeed, access by poor people to financial services is a powerful anti-poverty tool. Microfinancing is an important element of the financial sector and must be dealt with as such. There is a huge impact when poor people have access to a broad range of financial services that enable them to invest in income-producing activities and to help meet vital needs such as health, education and nutrition. What we must do is to commit ourselves together to take effective action that will lead us to victory. By helping poor people and other target groups in our countries to overcome poverty and disease, we will have done good humanitarian deeds.

Finally, our fervent wish is that the present discussions will lead to realistic solutions that take into account the specific nature of the least developed countries — solutions that will help to reverse the persistent trend of the impoverishment and socio-economic marginalization of their populations. It is with these words of hope that we wish the General Assembly every success in its work.

The Co-Chairperson (Gabon) (*spoke in French*): I call next on His Excellency Mr. Rafael Bielsa, Minister for Foreign Affairs of the Argentine Republic, in his capacity as Chairman of the Rio Group.

Mr. Bielsa (Argentina) (*spoke in Spanish*): It is a great honour and a great responsibility to explain the position of the Rio Group with regard to the fundamental issues of financing for development.

As members are aware, the Rio Group has been both a witness and a main actor in the defence and consolidation of democracy in Latin America. I make that point at the outset because the countries members of the Group consider democracy to be a basic condition for development.

However, our democracies have not yet been able to sufficiently meet the social needs that remain present throughout our territories in the form of hunger, unemployment and vulnerability. Slow and unstable growth, in addition to the policies recommended or imposed by multilateral lending bodies, has generated low job-creation rates, with an increase in informal-sector labour and a growing gap between the incomes of skilled and unskilled workers.

We have affirmed in every forum that, as Latin America shows, economic growth will have nothing to do with development if its benefits are enjoyed only by a few and if it widens the gaps between countries and within our societies. Our conception of development necessarily includes the idea of fairness. Without it, development will become an economic indicator with no relation to social reality.

For us, development is multidimensional and has at its core the comprehensive welfare of people and of the societies in which they live. That is why its natural environment is democracy, since democracy promotes equality of civil, political and social rights for individuals. Democracy is a means and an end, and the countries members of the Rio Group offer concrete proof of that conviction. But the reality of globalization confronts us with the certainty that development does not depend merely on a country's conviction and efforts.

Until a few decades ago, it was possible to think of endogenous development, although the idea was debatable. Countries with nearly closed economies attempted to embark on positive paths towards development. Today, that is unthinkable. There is

agreement on the need for a favourable international environment. The countries of the Rio Group note with concern that in the international system there are still concrete obstacles to the building of that needed favourable economic environment. That not only delays development, but casts a shroud of pessimism over the very achievement of the Millennium Goals.

That is why we state the need to reform the current international financial architecture, because it is outdated and ineffective. We must build a new system based on the accepted and proclaimed values of transparency and responsibility, basic pillars upon which to build a more democratic and fairer international system. Of course, that is not the position of the Rio Group alone; there are many experts, specialized groups and leaders throughout the world who support the holding of a new international conference of heads of State — similar to the Bretton Woods conference of 1944 — to revive a more just global financial and monetary architecture that would eliminate financial bubbles and focus on supporting the real economy. Among the reports of such groups, we would highlight "Towards a new international financial architecture" (ECESA/1/Rev.1), prepared especially for the Executive Committee on Economic and Social Affairs of the United Nations. The report points out the incapacity that the international financial institutions have demonstrated in facing crises such as those that have recently affected the global economy.

We cannot fail to mention the specific role that the multilateral lending bodies have played with respect to the development possibilities of assisted countries. I must specifically mention the International Monetary Fund, since it has irresponsibly encouraged and pressured least developed countries to implement policies that, far from improving their economic and social situations, have plunged them into still deeper poverty — all this in the name of economic growth and free trade. That is why we speak of shared responsibility. In this case, the multilateral lending bodies have scarcely criticized themselves for those terrible results.

But there are even more obstacles that stubbornly persist. One of the most significant is an obstacle that prevents greater wealth creation through free trade. It is not only significant, but paradoxical, that those countries that preach the benefits of free trade most emphatically are those that maintain protectionist barriers and subsidies.

Creating jobs to address poverty and strengthen democratic governance in the least developed countries is beneficial to the most developed countries, because social instability and environmental devastation will increase illegal immigration, in turn increasing global stability. When there is hunger, there are no schools, no families and no hospitals. Only when there is decent work is it possible to have human and material development. Financing for development must be a priority of the world community.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency The Honourable Navinchandra Ramgoolam, Prime Minister of the Republic of Mauritius, who will speak on behalf of the Alliance of Small Island Developing States.

Mr. Ramgoolam (Mauritius): It is an honour for me to address the Assembly at this High-level Meeting on behalf of the Alliance of Small Island Developing States (AOSIS), which associates itself with the statement made by The Most Honourable Percival James Patterson, Prime Minister of Jamaica, on behalf of the Group of 77 and China.

At the Monterrey Conference, and throughout the review process of the Barbados Programme of Action on the Sustainable Development of Small Island Developing States, culminating in the Mauritius International Meeting, AOSIS members took a principled approach, which rested on a number of fundamental factors unique to small island developing States.

Indeed, small island developing States face a number of constraints that are unique to them, such as small and narrow resource bases that do not allow for economies of scale, limited market access, fragile natural environments and vulnerability to natural disasters, high energy costs, poor infrastructure and lack of adequate transportation and communication. Small island developing States are also vulnerable to exogenous environmental and economic events, such as the dramatic increase in fuel prices, which impede their opportunities for development. Their structural weakness constrains their competitiveness and their ability to participate effectively in the international economic and trading system, while the process of globalization compounds the risk of their marginalization. These factors considerably limit those countries' ability to attract foreign direct investment and other international private capital flows.

For those reasons, AOSIS holds the view that, in addressing the needs of all developing countries, particular attention needs to be paid to small island developing States, on the basis that the one-size-fits-all approach cannot and will not address those specific needs and concerns. In that context, we asked for continued access to official development assistance (ODA), concessional financing arrangements, reduction of debt servicing and debt stock, access to private capital flows, the establishment of a normative and legal framework for foreign investment, improved access to markets and improved terms of trade for developing countries.

While the Monterrey Consensus did not fully address the concerns and special needs of small island developing States, we still view it as a useful and valuable framework for pursuing global development in a coherent and consistent manner. Since Monterrey, we have been encouraged by the many constructive and useful proposals advanced by developing and developed countries, civil society and regional and international institutions to build on the Consensus, redress its deficiencies and accelerate its implementation. It is therefore our hope that this summit Meeting, and its outcome, will serve to renew international support for financing for development.

Global trends since Monterrey have been quite unfriendly to the economies of small island developing States. That has resulted in such States becoming more vulnerable with regard to all three pillars of sustainable development.

Our economic prospects have deteriorated with the decline in commodity prices, loss of traditional markets, erosion of preferences and declining levels of ODA and foreign direct investment. We have been asked to open up our economies to competition from wealthier international companies with which our domestic companies have a hard time competing.

Our social cohesion is being severely compromised by challenges such as transnational crime, illicit drugs and HIV/AIDS.

Our fragile environment has worsened as a result of climate change, sea-level rise, climate variability and susceptibility to natural disasters and other global environmental phenomena. The frequency, intensity and span of hurricanes and tropical cyclones have increased and are causing unprecedented damage and devastation to the livelihood of our States. The desolation seen two weeks ago in the southern part of the United States of America has clearly demonstrated the vulnerabilities of low-lying coastal areas, which are so similar to those of small island developing States.

Just a month ago, before Hurricane Katrina hit, a hurricane specialist from Massachusetts Institute of Technology, Kerry Emmanuel, published a paper in the British science magazine *Nature*, showing that tropical storms are now lasting one and a half times longer than they did just a few decades earlier, with spinning winds that are now 50 per cent more powerful. The only plausible cause is the ever-warmer tropical seas on which such storms thrive. Katrina, a category-1 storm when it crossed Florida, roared to full life in the abnormally hot water of the Gulf of Mexico.

Taken together, these factors present a formidable set of hurdles to the sustainable development of small island developing States. What such States need is a more accommodating international economic environment that recognizes and takes due account of their inherent vulnerabilities when their development, financial and trade needs are being considered. The International Meeting on the sustainable development of small island developing states, held in Mauritius earlier this year, focused on the declining flows of foreign direct investment and the further marginalization of small island developing States in the global trading system, and called on the multilateral monetary, financial and trading systems to consider differentiated support and targeted assistance. The Meeting also highlighted the fact that a one-size-fits-all approach cannot not apply to small island developing States.

Market access for small island developing States, which, for the most part, are exporters of single commodities — mainly bananas and sugar — should be maintained through the preservation of the current preferential trade agreements which they have traditionally enjoyed. Without those preferential schemes, small island developing States will lose their current share of global trade, and that would have dire socio-economic consequences. It is vital that the World Trade Organization (WTO) elaborate special and differential treatment for this category of countries, which are among the weakest in the WTO constituency. The creation of a special category for small island developing States in the context of the WTO should be seriously contemplated.

Small island developing States, which are the countries least responsible for greenhouse gas emissions, should receive financial and technical assistance to adapt to the impacts of climate change through mechanisms available under the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification. In this regard, we call for additional resources to be allocated to these mechanisms. It is equally important that the disbursement procedures of these and other global mechanisms be simplified so that access to those funds can be facilitated.

We are grateful to all the donor countries and the international financial institutions and United Nations specialized agencies which pledged during the Mauritius International Meeting to support small island developing States. What we now need is the proper coordination of such assistance. It is also important that appropriate focal points be established within the international organizations so as to enable them to approach development projects in small island developing States in a more integrated manner.

Greater awareness in respect of natural disaster risk-management planning and capacity-building at the national level will be crucial. The lack of information on the complex nature of disasters and the lack of models of good practice for disaster preparedness and response, as well as the lack of building codes and regulatory frameworks to support more effective urban planning processes, will need to be urgently addressed.

But more important, the problem of access to insurance for the infrastructure of small island developing States needs to given particular attention. Many of the disaster-prone areas of such States are not able to obtain appropriate insurance due to the heavy costs incurred in previous disasters. And even when and if insurance is available, the cost represents a major drain on most small island developing State economies.

While we understand that insurance mostly concerns the private sector, which implies profit-making and risk reduction, we believe that the international community has a responsibility to devise ways and means, including creative and imaginative ideas, to assist small island developing States in that regard.

Small island developing States have high expectations of this summit with regard to obtaining the necessary support to implement the Mauritius Strategy. We are confident that the international community will not fail us.

The Co-Chairperson (Sweden): I appeal to speakers to respect the three-minute limit. We will not be able to finish this meeting on time; we are lagging far behind. I suggest that speakers look carefully at their statements and think about the possibility of distributing the longer texts in the Hall; they will be read by everybody. We must speed up the pace.

The Assembly will now hear an address by His Excellency The Honourable Denzil Douglas, Prime Minister and Minister for Finance, Development, Planning and National Security of Saint Kitts and Nevis, who will speak on behalf of the Caribbean Community.

Mr. Douglas (Saint Kitts and Nevis): I have the distinct honour to speak on behalf of the Caribbean Community (CARICOM) at this separate meeting on financing for development. Additionally, I would like to be associated with the statements made by His Excellently The Most Honourable Percival James Patterson on behalf of the Group of 77 and China and by His Excellency The Honourable Navinchandra Ramgoolam on behalf of the Alliance of Small Island Developing States.

The adoption in March 2002 of the Monterrey Consensus, with its noble themes surrounding development and the support that the developed world should confer upon developing countries, was not viewed by developing countries as a panacea. Instead, the Consensus represented a comprehensive programme of action that went beyond the Millennium Development Goals (MDGs). But regrettably, after three years, we must in all honesty conclude that the international community has not lived up to the expectations envisioned, due mainly to a failure to mobilize the level of resources required to finance that development.

The development dilemma being faced in the CARICOM region in particular can be summarized in critical development gaps, such as the human development gap, the technology gap and the trade and terms-of-trade gaps. Those gaps must be significantly narrowed through the transformation and reconstruction of our small economies, which have historically been reliant on a narrow production base and preferential market access. CARICOM therefore viewed the

Monterrey Consensus as a historically unique opportunity for an international partnership for reconstruction and development, and it now welcomes the new proposals by the Secretary-General as a proactive instrument that could give effect to the undertakings made by both developed and developing countries in 2002.

The Caribbean Community's perspective on those proposals is as follows. First, with respect to the mobilization of domestic financial resources for development, we recognize the primary responsibility that Member States have for promoting growth and development. Therefore, CARICOM has embraced regional integration and cooperation as the vehicle of socio-economic prosperity.

January 2006 will usher in the CARICOM Single Market and Economy. One of the benefits will be increased market size beyond the geographical boundaries of each member State. Regrettably, our efforts to build up our own human-resource base by utilizing scarce development resources are being thwarted by the recruitment policies of some rich developed countries. Given the human right to betterment, CARICOM recognizes that we cannot stem the tide of the internationalization of labour flows. However, the recruitment policies of some developed countries should not be executed to the disadvantage of small States and should definitely be associated with a compensatory mechanism.

Also, as small States such as those in the Caribbean Community seek to develop new growth sectors, they are confronted by new rules and conditionalities which serve to outlaw policies which were once practised by the now-developed countries. This causes a narrowing of the domestic policy base in our developing countries. The Caribbean Community, on this special occasion, would like to reiterate the call by the Group of 77 and China for adequate policy space to allow for policy innovation.

Secondly, recognizing the need to mobilize international resources for development and to create a supportive environment for those foreign direct investment flows, CARICOM member States, at the national level, have been seeking to reform the investment policy framework, despite being constrained by the higher risk associated with investment in small States. The Caribbean Community calls upon the multinational financial institutions to support the proposals for the mitigation of such risk in small States.

Finally, I wish to reiterate that the Caribbean Community welcomes the recent announcement by the Group of Eight aimed at reducing the debt of some of the most highly indebted countries in the world. However, the Caribbean Community continues to be concerned about the apparent neglect of the unsustainable debt of middle-income countries, among whose ranks the majority of CARICOM States are included.

My own country, Saint Kitts and Nevis, one of the tiniest sovereign nations in the entire world, provides a good example of the plight of many Caribbean nations. We have been battered by hurricanes, we have been starved of resources through premature graduation from the use of soft resources of the international financial institutions and we have been deprived of our sugar industry, which employed 10 per cent of our own labour force. Yet the resources for reconstruction and economic transition are barely trickling in, public debt has skyrocketed and our significant social progress is at risk.

I conclude by urging the international community to move with haste to give real meaning to the Monterrey Consensus so that the people of Saint Kitts and Nevis and the people of the Caribbean Community and of the entire developing world will look to 2015 with hope — and also with optimism.

The Co-Chairperson (Gabon) (*spoke in French*): I now give the floor to His Excellency Mr. Somsavat Lengsavad, Deputy Prime Minister and Minister for Foreign Affairs of the Lao People's Democratic Republic, who will speak on behalf of the Group of Landlocked Developing Countries.

Mr. Lengsavad (Lao People's Democratic Republic): Allow me to begin, on behalf of the Group of Landlocked Developing Countries, by thanking you, Sir, for convening this important meeting on financing for development.

Mobilizing financial resources, both domestic and external, remains vital for landlocked developing countries to meet our special development needs. We therefore reaffirm the need for the international community, especially donors, to provide sufficient official development assistance (ODA) and to facilitate increased foreign direct investment flows to landlocked

developing countries. In that context, we welcome the establishment of timetables by developed countries, notably those of the European Union, to reach the target of 0.7 per cent of gross national income for ODA by no later than 2015 and urge those donors which have not done so to follow suit by 2006 and to attain 0.15 to 0.2 per cent of gross national income for ODA to least developed countries.

Although not an end in itself, trade can serve as an engine of sustained growth and development. For that reason, it is our high expectation that we will see an open, universal, equitable, rule-based, predictable, non-discriminatory and development-oriented multilateral trading system. In that regard, we stress the importance of concluding the Doha development round, preferably by 2006. In the same vein, we would like to renew our call for the current World Trade Organization negotiations on market access for agricultural and non-agricultural goods to give particular attention to products of special interest to, or originating from, landlocked developing countries, as stipulated in the Almaty Programme of Action. To this end we resolve to pursue our common position as outlined in the Asunción Platform for the Doha Development Round, adopted at the meeting of trade ministers of landlocked developed countries held in Asunción on 9 and 10 August 2005.

We appeal to all stakeholders and development partners, in particular the donor community, to live up to their respective commitments, as outlined in the Almaty Programme of Action. As mutually reinforcing, the follow-up to and implementation of the Almaty Programme of Action should remain an integral part of the overall process of implementing the outcomes of the major United Nations conferences and summits.

The Co-Chairperson (Gabon) (*spoke in French*): I now call on Mr. Norman José Caldera Cardenal, Minister for Foreign Affairs of Nicaragua, speaking on behalf on the Central American Integration System.

Mr. Caldera Cardenal (Nicaragua) (*spoke in Spanish*): On behalf of the Central American Integration System, I extend our condolences to Louisiana, Mississippi and Alabama after the disastrous events that have caused such suffering. We express our solidarity with the families affected and with the people and Government of the United States of America.

This summit is an opportunity to seek feasible and concrete alternatives for trade, to overcome limitations in achieving the Millennium Goals for 2015. Today, in the twenty-first century, thousands of millions of people still live in the most extreme poverty, lacking the basic requirements for a decent life, in abysmal hygiene and health conditions. They have no access to acceptable employment, relevant education or drinking water, and they do not have the capacity to provide their children with appropriate nutrition that would assure that the seeds of education fall on fertile soil so that they may grow and develop.

Today we have come to address the Assembly as a region, to insist on the importance of greater solidarity and understanding that would lead to the consolidation of economic and social development, which is recognized as a global public good.

Central America has a regional strategy that can complement the Millennium Goals. The Alliance for Sustainable Development is a strategy integral in nature and covers all spheres of human development. We also have a model for democratic security that has influenced the changes taking place at the continental level.

In our regional strategy we recognize our responsibility in the area of development, but we are also aware of the major obstacles we are facing. They include the problems of human development noted at the Millennium Summit, which have increased in the past five years. The most developed countries still do not comply with the established commitments in the area of official development assistance. Our current growth rates are not sufficient to achieve the Development Goals because of, for example, the high rates of population growth. Backwardness requires that we make much greater efforts. Financial, technical and technological transfers still lag far behind.

We need to carry out a structural re-engineering of cooperation and reduce costs of transactions, brokering and financial restrictions. We need to change the current paradigms and see how we can make the market of cooperation more flexible and liberal so as to make aid coherent and consistent with the market in which it is developing.

Only by acting with realism and taking account of the differences will we meet the challenges of the millennium. That requires that we look for creative, innovative and realistic solutions for financing for

development. We have placed our hopes in expanded trade as a result of the successful conclusion of the Doha round. Greater opportunities in trade and investment are even more important than cooperation. We are thankful for the G-8 commitment to cancel multilateral debts for 18 countries, which ought to be joined by more countries, including some in Central America. That initiative should, in theory, generate resources for development, but that assumes that the funds exist and now are going to be used for development.

Finally, I wish to highlight the investment being carried out by Central America to preserve and strengthen its desire to live in freedom, democracy and peace. Our countries have been fighting hard battles to overcome scourges such as corruption. We are seeking to strengthen democracy and the rule of law, which will enable us to focus our national energies and additional regional efforts on ending those negative practices and to support good governance in order to be able to build a democratic and modern Central America.

The Co-Chairperson (Sweden): I now call on His Excellency Mr. Alejandro Toledo Manrique, President of the Republic of Peru.

Mr. Toledo Manrique (*spoke in Spanish*): This meeting is an opportunity to reiterate firmly Peru's commitment to the Millennium Development Goals, as well as to the commitments we adopted at the Monterrey Summit towards a new global partnership to overcome poverty and social exclusion.

There can be no solid democracy nor equality in our societies when millions of Peruvians and other citizens in the world are excluded from enjoying their fundamental rights and are excluded from the market. For that reason, it for us vitally important to focus on two elements: achieving sustained economic growth of approximately 7 per cent annually that allows for the creation of decent jobs. Regrettably, despite the progress we are making, we are not achieving those goals.

Also key is the fact that we cannot wait for economic growth to develop on its own as a result of market forces. We need focused social policies to address inequalities and to reduce poverty, in accordance with the commitments undertaken in the Millennium Development Goals. The global partnership for development launched at Monterrey demands that the industrialized countries first increase flows of international funds for development; secondly, open their markets; thirdly, strengthen financial and technical cooperation; fourthly, provide external debt relief; and fifthly, promote consistency in the financial system and in international trade.

Today I wish to reiterate our obligation to devise creative mechanisms for development financing. We must make a distinction between fiscal deficits related to current expenditures and investment spending. That distinction is crucial.

I wish to conclude by noting that as concerns middle-income countries, averages often conceal much more than they reveal. Statistics on per-capita or per-income gross domestic product hide much more than they reveal. Those indicators obscure the fact that there are large pockets of extreme poverty. If we do not address this issue relating to the average income of middle-income countries, we will not be able to achieve the Millennium Development Goals. We must redistribute economic growth and not merely comply with Wall Street indicators, essential as they are, and we must also address income redistribution in order to reduce poverty by 2015.

The Co-Chairperson (Gabon) (*spoke in French*): The Assembly will now hear an address by His Excellency Mr. Ricardo Lagos Escobar, President of the Republic of Chile.

President Lagos Escobar (*spoke in Spanish*): Sir, after conveying my greetings to you, I should like briefly to make four preliminary comments.

Firstly, development is a prerequisite for building international security on solid and durable foundations. Secondly, we in Latin America see development as a shared global obligation, involving responsibilities for both developing and developed States. Thirdly, in the light of the indisputable figures concerning increased poverty, we must display maximum imaginative power and political will in generating new resources. Fourthly, when we speak of financing for development, we are referring not only to official assistance and cooperation among States but also to private financing.

Let us state this frankly here: the task is not easy. The United Nations proposal to double official assistance from $50 billion to $100 billion is not sure to be implemented. The Monterrey International Conference on Financing for Development set out guidelines for advancing towards this goal, but progress, five years later, is proving very slow.

Today as never before, we know that the primary answer lies in public policy development, which we ourselves must undertake in each of our countries. But in addition to internal efforts, international support is required, and it should be provided at two distinct levels. On the one hand, assistance to the poorest countries is needed. Such assistance must continue and conform to specific rules. There is an urgent need for serious compliance with the commitment of rich countries to meet the 0.7 per cent target for development. This is all the more urgent given the fact that, even though 30 years have passed, we are still discussing the topic in this Hall. This is not the time for excuses. It is time for the developed countries to do their part, in the same way as the poorest countries must be made to do theirs, which is to demonstrate that resources are being properly utilized and that definite progress is being made.

On the other hand, a significant number of countries have as their primary goal achieving market access; Chile is one of them. But we wish to state clearly here that when we go out into the world, we encounter barriers that undermine our growth.

The clearest example is anti-dumping, a ploy used whenever a country begins to succeed in competing with specific products. Anti-dumping is a unilaterally applied tool that affects our growth and, as a result, undermines our ability to achieve greater social development. When anti-dumping measures are applied to Chilean products by a developed country, this is to me a policy with local effects.

With respect to world trade, agricultural subsidies are also important. We are pleased that other speakers have touched on this topic. I wish simply to recall that, if trade barriers were lifted, the developing countries would generate potential profits of $130 billion — more than double the $50 billion needed to achieve the Millennium Development Goals.

In conclusion, the challenges that we are facing call for action. That is why we are participating in the initiative against hunger and poverty. In that context, we have decided to lend our full support to the pilot project involving an airline ticket levy; we have begun to do this in our own country. As of 1 January 2006, all international flights from Chile will be subject to a surcharge of $2, which will be used as a contribution to this initiative. We must set an example through concrete actions.

We are also prepared to consider the impact of issuing special drawing rights with a view to eliminating the instability and financial imbalances that are overwhelming the developing world. Let me recall that in 1997 the issuance of special drawing rights was approved, supported by 133 countries representing 77.3 per cent of the voting power of the International Monetary Fund countries (IMF).

Many countries view fair and balanced globalization as presenting a great opportunity to emerge from poverty and underdevelopment. Of course, each country will have to do its part, promoting short- and long-term agendas to combat inequalities, but the task will not be complete as long as asymmetries remain in a still-imperfect world. We must move forward towards consolidating democracy throughout the world, and, to that end, we must combat inequality now. We have the tools at hand to do this.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Highness Sheikh Hamad bin Khalifa Al-Thani, Emir of the State of Qatar.

Sheikh Hamad bin Khalifa Al-Thani (*spoke in Arabic*): It gives me great pleasure, at the outset, to acknowledge the progress achieved in the implementation of the decisions embodied in the Monterrey Consensus, which was adopted at the International Conference on Financing for Development, held in Monterrey, Mexico, in March 2002. I would also like to pay tribute to all the States, developed and developing alike, which have striven to put those decisions into effect.

Such efforts are all the more significant in the context of the international community's endeavours to attain the Millennium Development Goals. In that respect, I would like to express my profound appreciation for the serious efforts exerted by the majority of developing countries to apply the concept of good governance in all political and economic fields in the face of mounting domestic and regional challenges. My appreciation extends also to the initiatives launched by the Group of Eight and the European Union regarding the cancellation of the debt of heavily indebted poor countries, as well as to the official development assistance (ODA) they provide and their efforts to combat epidemics and poverty. In that regard, I cannot fail to commend that special initiative, the Action Against Hunger and Poverty, and its sponsoring States. Here, Qatar supports the French

proposal to set aside solidarity contributions that would accrue from a surcharge to be added to the price of airline tickets as an innovative source of financing for development.

The International Conference on Financing for Development was a landmark in the process of international cooperation for development. The participation of heads of State or Government reflected the political will of the international community at the highest level and affirmed the desire to deal in earnest with the question of financing for development. Also, the involvement in the Conference of the International Monetary Fund, the World Bank and the World Trade Organization alongside representatives of the business community and civil society, together with the United Nations, greatly contributed to the importance of the Conference and to its practical nature, which promoted a spirit of constructive participation. The world is in dire need of such a spirit to face the challenges of globalization and to transform the issue of financing for development from an arena of conflict and confrontation to a realm of participation and cooperation.

The State of Qatar has endeavoured to be a supportive partner in international efforts for development, especially as regards combating poverty and the more equitable and fairer distribution of the benefits of global growth, in view of the positive effects of these on stability and on the maintenance of international peace and security. Qatar's interest in international development stems also from its membership of the Group of 77 and China, over which it had the honour to preside in 2004.

In that vein, the State of Qatar seeks to support international initiatives related to development and its financing. It had the honour of hosting the fourth WTO Ministerial Conference, which adopted the Doha agenda, reflecting the importance of achieving development in the framework of multilateral international negotiations to liberalize trade.

In spite of our concern over the logjam in the current consultations on the implementation of the Doha Plan of Action, we hope that it will be possible to get beyond this phase, and that all the parties concerned, especially the developed countries, will show the flexibility necessary to arrive at practical results of benefit to all, especially since the sixth WTO Ministerial Conference will soon — in December — be convened in Hong Kong.

The State of Qatar, which seeks to participate in furthering development issues, was honoured to host the second South Summit last June. Through the Summit, it submitted an initiative to establish the South Fund for Development and Humanitarian Assistance. It also affirmed its commitment to provide the designated percentage of gross national product as development assistance, of which 15 per cent will be earmarked for least developed countries by 2006.

In conclusion, I am honoured to express the willingness of the State of Qatar to host the first follow-up conference of the International Conference on Financing for Development, as provided for in the Monterrey Consensus. In that regard, I propose that the conference be convened in 2007 at a time to be determined by the General Assembly. I look forward to seeing all participants in Doha in 2007 to promote international cooperation for development in the pursuit of further progress.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Stjepan Mesić, President of the Republic of Croatia.

President Mesić (*spoke in Croatian; interpretation provided by the delegation*): It is with pleasure, but also with a sense of great responsibility, that I am taking the floor at this meeting dealing — I am deeply convinced — with the key issue of the contemporary world. I know that I am probably out of harmony with the view prevailing in the international community, which, I think, is inclined to regard global terrorism as the most pressing global issue.

I do not on any account want to deny the urgency and the potentially even greater threat of global terrorism, but I claim in all responsibility that we will not be able to deal with it effectively if we neglect the development issue. This is not the first time I have raised this point, but I would like to use this occasion in order to reiterate my assessment.

Uneven global development — that is, the development of some countries and the falling behind of others — involves a destructive potential which can have the worst possible effect on international relations and on the global order and its very foundations. I am convinced that underdevelopment, poverty, starvation, the fatal outcome of otherwise curable diseases and the lack of even basic education create an environment in which terrorists are bred and recruited.

Such a view does not, as is sometimes claimed, imply any distraction of our attention from the immediate threat of global terrorism; it is the only proper approach to the elimination of global terrorism, which has become a real danger for everyone.

Smaller groups of fanatics will always be present everywhere. What is essential, however, is whether such an initial group will rally followers. Let me recall that not long ago even some European countries faced terrorism. But groups such as Baader-Meinhof in Germany and the Red Brigades in Italy were eliminated precisely because there were no objective conditions for establishing a broader support base. In simpler terms, what was lacking was a sufficient number of people who had lost everything and had no prospects in life and were therefore prepared to resort to terrorism.

However, underdevelopment is a different story. Underdevelopment is, first, the underpinning of political dependence and helplessness, then the source of personal hopelessness; it thus creates the pool from which potential terrorists are drawn. Of course, these are, as a rule, unfortunate people who have been abused by others, and the recruiters obviously do not feel the adversities of underdevelopment. But I stress that underdevelopment is the foundation of it all.

Therefore, what the world needs is development: well-balanced global development, not development in which some countries develop at the expense of others and in which some enjoy ever greater prosperity while others sink into ever greater poverty, and not development in which some, figuratively speaking, reach for the stars as others are born hungry, only to die of starvation.

They say that globalization is inevitable. Perhaps that is really the case, but no one can convince me that the negative effects of globalization, seen daily everywhere, are also inevitable. If globalization is truly inevitable, it should not be limited to poverty, but should include development. Development must become a global process.

Developed countries are becoming aware of that need, and that is good. Therefore, I welcome every step taken by developed countries — either on their own or together with some developing countries — to improve the status of the underdeveloped and to raise funds for development financing. I believe it is precisely the United Nations that can play an extremely important role not only in enhancing awareness of the development issue but also in providing concrete ideas for its resolution.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Festus Gontebanye Mogae, President of the Republic of Botswana.

President Mogae: Members will recall that two years after the historic summit at which we agreed on the Millennium Development Goals, we met at Monterrey to address the challenges of financing for development. That resulted in the Monterrey Consensus, which reaffirmed the urgent need to eradicate poverty while achieving sustainable growth and development. Of special significance was the recognition that increased official development assistance (ODA) flows and the removal of trade barriers were necessary if developing countries were ever to achieve the Millennium Development Goals (MDGs).

Recent reports on the implementation of the Millennium Declaration indicate that there has been only limited progress in the achievement of the MDGs, especially on the African continent. In that respect, major hurdles that were identified five years ago persist. Programmes to address major health challenges in Africa — such as the scourge of HIV/AIDS and high maternal mortality — are underfunded. The number of people living in extreme poverty remains high.

The experience of the Southern African Development Community (SADC) is no exception to that of the rest of Africa and the developing world. While we have managed to reduce gender disparities in education and have succeeded in improving access to sanitation and other basic facilities, great disparities remain in the levels of development both within and among our countries.

It is now a well-known fact that our region is the hardest hit by the spread of HIV/AIDS. The virus has contributed to a deterioration of our human development indices over the past few years. Other challenges facing our region include high levels of poverty and income inequality, a persistent food shortage and an emerging water shortage — both due largely to drought and environmental degradation as well as to institutional, policy and resource constraints.

An area in which SADC needs to continue to make progress is working towards policy reforms at both the national and the international levels, such as through the New Partnership for Africa's Development initiative. At the national level, that should include institutional capacity-building, the integration of the MDGs into country-owned long-term development strategies and the effective and transparent management of natural resources. All of that can be achieved through a continued commitment to good governance and partnership-building with all stakeholders.

At the international level, SADC member States will continue to join with others in seeking a fairer international trading system, broad-based debt relief and the financing of new commitments through grants. These are some of the steps through which we can realize the Monterrey Consensus.

We recognize that developing countries, including SADC members, have a role to play towards implementing the Monterrey Consensus by mobilizing their own resources. But, given the challenges that face us, there is a need for others to do more between now and 2015. In that context, we take this opportunity to call once again for the fulfilment by the more advanced countries of the commitment to ensure the allocation of 0.7 per cent of their gross national income as official development assistance.

We are pleased to acknowledge and welcome recent efforts aimed at releasing resources for development in the developing countries, such as debt relief and improved market access for our products. Here, we applaud the Government of the United Kingdom for spearheading the International Finance Facility to support immediate front-loading of ODA to achieve 0.7 per cent no later than 2015. We further recognize with appreciation those European Union member States that have either already met the ODA target or have set timetables to achieve it.

It is necessary to make progress on the Doha development round. While one appreciates pledges for more aid and recent declarations of debt write offs, many more developing countries need, more than anything else, to be able to also enjoy the benefit of export-led growth.

While some of our countries have benefited from debt relief strategies — including the Highly Indebted Poor Countries Initiative — that has not as yet resulted in debt sustainability in the region. That underscores the need for the cancellation of debts that cannot be serviced without placing a burden on impoverished people in the region.

Let me express the particular concern that some developing countries that have made progress towards realizing the MDGs through good governance and the pursuit of sound macroeconomic policies are disadvantaged because they are deemed to have attained the status of middle-income countries and are therefore denied access to ODA and other special programmes from which they could benefit. Efforts should be made to assist countries such as my own, which are still in the process of consolidating their economic gains.

Let me conclude by reiterating that the SADC region remains united in its commitment to work towards the collective achievement of the Millennium Development Goals through partnerships among its own members and with the rest of the world. I also wish to associate myself with those who have spoken previously on behalf of the landlocked developing countries, the small island developing States, the Caribbean Community and of course, the least developed countries.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia.

President Yudhoyono: We have the opportunity today to consider the problem of lack of resources, especially financial resources, for development. There is no question that nations are responsible for their own development. We in the developing world must mobilize domestic financial resources for that purpose. At the same time, we must strive for good governance, fight corruption and find creative ways to raise money to finance development. We must make use of available policy space to devise our own strategies for development.

But these endeavours are never enough. Hence, international cooperation is an imperative for development. Another pertinent point is the issue of a global partnership for development. While we are in fact strengthening our institutions for development through good governance, combating corruption and driving private sector growth, by no means should those factors be used as conditionalities. This

partnership should become a genuine and mutually beneficial relationship.

Financial flows for development must be generated through a meaningful international trade regime with strong development dimensions. It would also help if official development assistance (ODA), extension of credit and foreign direct investment could be attracted.

Considerable relief will come through compliance with the Monterrey Consensus. We therefore strongly endorse the establishment of timetables for many developed countries to fulfil the commitment of 0.7 per cent of their gross national product to official development assistance.

There is a real need for significant debt reduction or restructuring, not only for the least developed countries but also for middle-income developing countries. That is why we recommend the adoption of a debt swap mechanism that will enable developing countries to make use of resources that normally flow out to the creditor countries. Such a mechanism could greatly help developing countries attain the Millennium Development Goals (MDGs). We believe that the proposed measures merit our serious consideration.

The draft outcome document (resolution 59/314, annex) of the High-level Plenary Meeting has not turned out to be a balanced document. Thus, it diminishes the capacity of developing countries to generate financial flows for development. In the document, a great many conditionalities are imposed on developing countries before they qualify for financial flows for development. On the other hand, the obligations of developed countries are worded in the vaguest terms. We welcome commitments to enhance the quality of aid that are based on a recognition of the needs of recipient countries. The document leaves out many issues relevant to international trade that developing countries had been regarding with keen anticipation. This omission renders the Doha round of trade negotiations unfriendly to development.

While we in developing countries continue to hope and tirelessly work for improvement of this situation, we also recognize and appreciate efforts made by developed countries, particularly in the areas of development assistance and debt reduction. Indonesia is hopeful that this could serve as a solid foundation to foster a genuine and mutually beneficial partnership. But if we are to beat poverty forever, we must always strive to do more individually and collectively.

The Co-Chairperson (Sweden). The Assembly will now hear an address by His Excellency Mr. Hu Jintao, President of the People's Republic of China.

President Hu Jintao (*spoke in Chinese*). Since the 1990s, the international community has reached extensive and important consensus on issues concerning international cooperation for development, and some progress has been made in realizing the Millennium Development Goals (MDGs). However, we must recognize that the question of development is far from being resolved, and international cooperation for development remains a long uphill journey.

China will do its utmost to support and assist other developing countries in accelerating their development. To that end, we will take the following new measures. First, China will accord zero-tariff treatment to some products from all 39 least developed countries having diplomatic relations with China, covering most of their exports to China.

Secondly, China will further expand its aid programme to the heavily indebted poor countries and the least developed countries and, working through bilateral channels, will write off or in other ways forgive, within the next two years, all portion overdue as of the end of 2004 of interest-free and low-interest governmental loans owed by all heavily indebted poor countries having diplomatic relations with China.

Thirdly, within the next three years, China will provide up to $10 billion in concessional loans to developing countries to improve their infrastructure and to promote cooperation between enterprises on both sides.

Fourthly, China will, in the next three years, increase its assistance to developing countries, African countries in particular, by providing them with anti-malarial drugs and other medicines, helping them set up and improve medical facilities and training medical staff.

Fifthly, China will train 30,000 personnel of various professions from developing countries within the next three years and will help those countries accelerate the development of their human resources.

China is ready to work with all other countries to make the twenty-first century truly a century of development for all.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Yoweri Kaguta Museveni, President of the Republic of Uganda.

President Museveni: When we are talking about the question of financing for development, we must ask ourselves three questions. First, is there a need for development financing? Secondly, what would be the purpose of this investment: what would it do? And thirdly, what are the sources of financing?

The need for financing, in the case of Uganda and Africa in general, is great and well-known. The public's needs are for roads, railways, airports, seaports, telecommunications, power stations, research in industry and agriculture, safe water, education and health.

On the private side, there is a need for investment financing in commercial agriculture, in value addition to raw materials from Africa, in services, in research, in education, in health care, in power stations built by private companies, and in telecommunications.

What is the purpose of this investment? First of all, there is a need to develop human resources through education and health care for all. Secondly, the gross domestic product must be expanded so as to produce goods and services for the domestic, regional and international markets. And thirdly, it is necessary to create employment. In the case of Uganda, 64 per cent of the people are not unemployed but underemployed. This is a special phenomenon in a country such as Uganda, which has a great deal of good land. People are not really unemployed, but they are underemployed; 64 per cent of adults fall into that category. And fourthly, it is important to expand the tax base.

What other sources of financing are there? As we all know, there are two types of development aid: grants and loans. The best way of providing development support is through budget support. Financing for private business should go through development banks. Project funding is not so good, because it has high overhead costs and sometimes does not fit in very well with the priorities of governmental partners.

The second source of financing is domestic savings, through banks, by putting money in the bank. If interest rates are low, we can attract a great deal of money from the public. We have found that too much loose money from donor funds sometimes interferes with the lowering of interest rates. It also affects negatively the exchange rate by making it appreciate artificially.

The third source of financing is microfinance within the country — money generated from within or from outside. Our experience has shown that savings and credit organizations are best suited to microfinance.

Stock exchanges are another source, as are tax collection; foreign direct investment; debt forgiveness, which also releases some money; long-term bonds; borrowing; and finally, pension funds.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency The Honourable Dato' Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia.

Mr. Badawi (Malaysia): Recent studies by the United Nations have shown that the gaps between the rich and the poor of the world have worsened over the past decade. Unless these gaps and inequalities are addressed effectively soon, there is every danger that a widespread feeling of injustice will prevail, which will cause turmoil in the world and create greater instability.

The challenge facing us is therefore all too real and has far-reaching consequences. At the heart of development problems are three issues which need to be addressed, namely finance, good policies and an enabling international environment. The situation regarding financing for development is critical. That this meeting has to be convened is indicative of the fact that the promises made at the 2002 International Conference on Financing for Development, which saw the adoption of the Monterrey Consensus, have remained unfulfilled. We are still far away from achieving the target of 0.7 per cent set more than 30 years ago and reaffirmed at Monterrey.

I believe that, in order to ensure that the political will to achieve the target continues to be strengthened and that the momentum generated is not lost, it is time to establish an effective mechanism to monitor official development assistance (ODA) flows. A small unit

within the United Nations could be established for that purpose.

Malaysia welcomes new and innovative ideas on securing international funding for development-related purposes. We note, for example, the interesting proposal by France to impose levies on air tickets as a means of securing funding to combat HIV/AIDS, malaria and tuberculosis. Malaysia supports the spirit in which those proposals have been made.

It is certainly heartening that in many of those initiatives, such as the South fund for development and humanitarian assistance, the action against hunger initiative and the World Solidarity Fund, developing countries themselves have come to the fore in making contributions. Developing countries have also shown an increasing willingness to make contributions bilaterally. That trend should be encouraged.

We need to address other sources of financing for development, most importantly trade. It is the provision of the capacity to trade that can best ensure a more permanent, instead of a transitory, solution. For example, we must expeditiously resolve the issue of market access for goods which developing countries are most competent to produce. Failure to do so may result in greater impoverishment of the poorest and regression for those countries which have seen progress. We must not allow that to happen.

I shall end my intervention by imploring all countries, both developed and developing, to fulfil their obligations as contained in the Monterrey Consensus. Unless we do so, we cannot have any realistic expectation of meeting the Millennium Development Goals of sustainable development, including the eradication of poverty from the face of the earth.

The Co-Chairperson (Sweden): I thank the Prime Minister of Malaysia for abiding by the time limit. I appreciate that, as we are lagging behind.

The Assembly will now hear an address by His Excellency Mr. Jan Peter Balkenende, Prime Minister of the Kingdom of the Netherlands, also on behalf of Denmark, Luxembourg, Norway and Sweden.

Mr. Balkenende (Netherlands): I am delivering this speech on behalf of Denmark, Luxembourg, Norway, Sweden and my own country, the Netherlands.

Every day, almost 30,000 children die of poverty. Poverty is a global curse and causes untold suffering. Poverty, in all its forms, must be reduced and eventually eradicated.

Today the day has come to take stock of the situation. How far have we come in mobilizing resources? Have we delivered on our promises? Are we ready to deliver on new commitments?

Denmark, Luxembourg, the Netherlands, Norway and Sweden have for many years been major donors. We have allocated more than the United Nations target of 0.7 per cent of our gross national income to official development assistance, thus proving that it is possible to reach that target and contribute to the well-being of peoples in the developing world.

But that is not enough. Unless we all pick up speed, most Millennium Development Goals (MDGs) will not be met by 2015.

In sub-Saharan Africa, chances of meeting the goals are, at best, slim. The shortfalls are serious, in particular when it comes to child mortality, maternal mortality, the fight against HIV/AIDS and access to safe drinking water and basic sanitation. No less than an extra $50 billion to $60 billion must be raised every year in order to achieve the MDGs.

On the policy side, we have learned a good deal about increasing the effectiveness of aid. We focus on poor countries with good policy. We have learned what it takes for poverty reduction to be sustainable. We know that the MDGs will not be met unless human rights are respected, women and men are given equal opportunities and democracy is integrated into policymaking. We know it is also crucial to improve the business and investment climate.

Furthermore, we have promoted country ownership and better coordination among ourselves. That has led to much greater effectiveness. In that regard, the Paris Declaration on Aid Effectiveness is an important step forward.

As we expect the developing countries to do their part, we must do ours — and that applies to everyone. We need to see more equal burden sharing. We call on more donor countries to join us in delivering on the agreed United Nations target of 0.7 per cent of gross national income. Much of the increase in official development assistance (ODA) in recent years has been the result of commitments by a few donor countries.

The commitment made by the European Union in May 2005 to raise its ODA to 0.56 per cent in 2010 and 0.7 per cent in 2015 — half of which will go to the poorest, in Africa — is historic.

But despite that, and despite the Group of Eight's important debt relief initiative, there is an urgent need to do more. If we are serious about our commitment to reduce poverty, we must ensure coherence in our own policymaking. We need to provide better market access, including access to financial services. Developing countries need to be able to increase earnings from exports. Trade-distorting subsidies such as those for cotton and sugar need to be addressed. If we want developing countries to be able to catch their own fish, we need to ensure a successful World Trade Organization Ministerial Conference in Hong Kong.

We also need to be better prepared for humanitarian crises. Humanitarian funding can and should be improved through the setting up of a humanitarian fund which is rapidly actionable and adequately funded. In July, Secretary-General Kofi Annan said, "Let history not say about our age that we were those who were rich in means but poor in will" (*Press release SG/SM/9984*).

We could not agree more. We know the needs, we know the tools, we know now how far we have got in the last five years. We urge everyone to make real increases in their ODA levels and to act now as agents for development in the fight against poverty. We — Denmark, Luxembourg, the Netherlands, Norway and Sweden — will continue to do our share. Will you?

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. José Luis Rodríguez Zapatero, President of the Government of the Kingdom of Spain.

Mr. Zapatero (Spain) (*spoke in Spanish*): The people of Spain have traditionally demonstrated deeply rooted feelings of international solidarity, which have grown ever stronger in recent times. Responding to that widespread and noble sentiment, my Government has made development cooperation one of its hallmarks and one of the paramount values guiding its policies.

We have undertaken to double our official development assistance in four years and are meeting our yearly targets. By 2006, we will fulfil the Monterrey commitment, and by 2008 our official development assistance will reach 0.5 per cent of our gross domestic product. Spain has set a target and a deadline for its goal of solidarity: we want to contribute to solidarity with those most in need 0.7 per cent of our national wealth by 2012. The European Union has made similar commitments. We have also increased our contributions to international organizations and United Nations programmes.

Spanish aid is increasing in quantity, but we also want to improve the quality of that official development assistance, with respect to both its content and its recipients, in order to make it more effective. One fifth of that assistance will be allocated to basic social services such as nutrition, health and education. In addition, at least a further 20 per cent will go to least developed countries. In particular, our cooperation with the poorest countries in Africa is the area that will increase the most in the coming years.

However, the challenge is so great that increasing the amount and the quality of the aid is not enough in itself. Assistance should be the primary source of funding in support of development, but innovative and complementary financing mechanisms must to be found.

That is the reason behind the Action Against Hunger and Poverty alliance. Spain is proud to be one of the countries that sponsored that initiative. Since last year, the Technical Group on Innovative Financing Mechanisms has discussed various proposals, to which Spain has made an active contribution. For our part, we have proposed that special consideration be given to treating the remittances sent by emigrants as a source and a tool of development. Such remittances totalled $80 billion in 2002, and it is estimated that this year they will total more than $100 billion. Those remittances by emigrants now constitute the second largest source of capital for developing countries and even exceed official development assistance. We must create the conditions to reap their full potential. To that end, we must reduce transfer costs so that so much money is not lost in the process. Also, in order for that money to be of greater service to development, we must facilitate access to microcredits by recipient families so that they can undertake initiatives and projects.

We are encouraged by the positive international reaction to that proposal. The Spanish Government will continue to work in cooperation with the Inter-American Development Bank and various Spanish

financial institutions to ensure that the debt-for-education initiative brings tangible benefits as early as possible to the countries receiving remittances.

For Spain, solidarity is not merely a word. That is why my Government will contribute $240 million over the next 20 years to the Global Alliance for Vaccines and Immunization. We shall disburse $12 million per year from 2006 to 2025. We estimate that through that contribution to the programme, we will help save the lives of 250,000 children over the next 20 years.

Spain has also adopted measures on foreign debt that will enable our country to participate actively in multilateral debt cancellation initiatives for highly indebted poor countries. Spain is also engaging with highly indebted middle-income countries in projects to swap debt for public investment in key areas for sustainable human development, such as education, the environment and infrastructure.

Measures aimed at consolidating progress in middle-income countries and at preventing the achievements made from being undermined are extremely important. The international community should reward, not penalize, the efforts of those who are gradually consolidating a certain level of development. We should not forget that four out of every five poor people in the world live in those middle-income nations.

The Spanish people believe that it is possible to build a world free of poverty. We believe that achieving this in the span of one generation is no utopian dream; we have the means to do so. We believe that the fight against hunger and poverty is the noblest war that humanity can wage. Rest assured that the Government and the people of Spain wish to be on the front lines of that battle.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil.

President Da Silva (*spoke in Portuguese, English text provided by the delegation*): Josué de Castro, a Brazilian and a citizen of the world, once said that "hunger is the biological expression of sociological evils". Hunger is a scourge of our own making inflicted on our own kind. These ideas are still very up to date.

I have made the fight against hunger my Government's priority. That struggle reflects the broader challenge of promoting development with social justice and political democracy.

In 2004 in New York, I organized, together with my colleagues from France, Chile and Spain, a high-level meeting to promote international action against hunger and poverty. Sixty heads of State and Government, along with more than 100 delegations, responded positively.

Today we are following up on the debate launched at the Millennium Summit. We are working to achieve the Millennium Development Goals, and the Sachs Report showed that this objective is attainable. The debate on innovative mechanisms for the financing of development is no longer taboo. The United Nations has brought this issue to centre stage. The World Bank, the International Monetary Fund and the G-8 have been sensitized to the issue. This debate and the various parallel events related to the Millennium Development Goals reflect the extent of this mobilization.

The Goals will not be met unless the international community becomes seriously involved. We must act fast and move from words to deeds. We need to strengthen partnerships among Governments, business and civil society.

Last year, we put forward mechanisms to raise additional funds that would allow for more efficient aid, on a stable and predictable basis. This year, the technical group, which now includes Germany and Algeria, discussed short-term initiatives. We are moving to implement some of those ideas as pilot projects.

I support the proposal made by my friend President Chirac for a solidarity levy on airline tickets, and I know that other countries, such as Chile, have already adopted such measures. I have decided that technical studies should be undertaken in Brazil so that we, too, can take this measure as soon as possible. Such a mechanism will raise a considerable amount of funds, in addition to its even more important demonstration effect.

Creativity and solidarity will allow us to find innovative approaches to fight extreme poverty and hunger. We are also proposing in the General Assembly a reduction in the cost of international money remittances from migrant workers. We want that

money to reach the recipients in full. That will help generate income and jobs for the families of those who have left their homes to seek to better their lives.

I am certain that Brazil's biggest contribution to eradicating hunger worldwide is the unprecedented effort we are making in our own country. All of the actions taken under the Zero Hunger programme are part of the crucial transformations under way in Brazil and contribute directly to five of the eight Millennium Goals.

We are not only transferring income but also ensuring enjoyment of the right to education and health care.

We make benefits contingent on school attendance by children and on participation by children and expectant mothers in health-care programmes.

Brazil is also helping to overcome poverty and inequalities by promoting discussions on the need for more balanced and fair international trade. The outrageous economic subsidies granted every year to farmers in industrialized countries are six times greater than the additional $50 billion needed annually to meet the Millennium Development Goals.

I am convinced that, in a world beset by instability, the eradication of hunger is a sine qua non condition for the emergence of a more stable and peaceful international order. The time to act is now.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Thaksin Shinawatra, Prime Minister of the Kingdom of Thailand.

Mr. Shinawatra (Thailand): Since Monterrey, we have made some achievements in the ongoing quest to eradicate poverty, but much more remains to be done. We applaud the greater pledges for increased aid. The world's poorest countries have had their debts cancelled, while many more proposals are awaiting implementation.

But allow me — as someone who comes from the business sector and understands the nature of business, with firsthand experience in its ups and downs — to offer some brief thoughts.

In business, in turning around a corporation that has collapsed, dealing with outstanding debt is only part of the problem, because that represents only one side of the balance sheet. The other side requires the source of revenue to bail itself out of financial difficulties. The same principle applies to a country. Once a vulnerable country's debts are cancelled, if an attempt is made to run it without balancing the balance sheet, debt could easily reconsume it. Without sound economic fundamentals and efforts to seek additional earnings, developing countries could easily relapse into the vicious circle of poverty, debt, and borrowing once aid dries up. To ensure a country's firm footing on the sustainable path of growth and prosperity, a strong economic foundation is equally as essential as short-term flows of aid and debt cancellation.

Thailand's experience has taught us that, ultimately, developing nations can and should become equal and assertive partners in our own development. We can promote new ideas and alternatives. We know the depth of our problems and the limits of our capabilities. At the same time, we also know what our strengths are. Therefore, we must make every effort to fully utilize our potential in order to create greater value for our products, based on our indigenous skills and wisdom. In the current climate, however, developing countries are facing two pressing challenges that constantly erode their economic foundations: rising global oil prices and the lack of investment funds. There is an outflow of capital from developing regions either to meet those rising costs or to be invested in the developed world, leaving those regions woefully short of capital for investment.

The sustained hike in global oil prices is a loud and clear alarm call for us to consider the unsustainability of the global dependence on fossil fuels. Alternative energy sources may be one solution. Thailand and countries such as Brazil are now actively promoting the use of biofuels. Such a strategy gives agriculture-based economies such as ours the option of sourcing our own energy and raising the incomes of farmers at the same time. Best practices for energy conservation and strategies for energy security must be shared. At the same time, oil hedging not only raises oil prices but results in huge reserves of cash in oil-producing countries. There must be a way in which those extra profits can contribute in a more productive manner to the global economy.

Since the financial crisis in 1997, Asia has learned the need to strengthen the international financial architecture. Thailand in particular is leading the charge to insure against the vulnerabilities of the

contagion that broke out in South-East Asia and spread to other parts of the world.

We see ever-growing support for the proposal to develop an Asian bond market, which I put forth in 2001. Asians are some of the most prudent savers in the world. If those savings stay in the region, they can provide a financial resource for further development, which will be beneficial not only to Asia but also to the rest of the world. Since 2003, key Asian central banks have established two Asian bond funds with capital of $3 billion in total. Asian countries are now pursuing the next step of this strategy to issue bonds in regional currency denominations. This enhancement of Asia's financial infrastructure will facilitate greater trade for the region and will attract greater investment. The Asian bond market and Asian bonds are thus mechanisms for financing for development that also promote greater regional economic stability.

We developing countries share the common goals of eradicating poverty and alleviating human suffering. Inspired leadership, new ideas for cooperation and an unwavering commitment to steer our destiny will ensure that we achieve that goal. We can all work harder to ensure that help comes from within the developing nations as much as from outside. South-South cooperation is as good as North-South cooperation.

The Co-Chairperson (Sweden): The Assembly will now hear an address by His Excellency Mr. Dominique de Villepin, Prime Minister of the French Republic.

Mr. De Villepin (France) (*spoke in French*): Never has the world has been so prosperous. Yet never has inequality been greater. Five years ago we decided to break with the previous pattern of dependence and aid and instead establish a new international partnership for development, based on responsibility and solidarity. Clearly, we still have a long way to go to attain the Millennium Goals, especially in Africa. At the strong urging of civil society and non-governmental organizations, States have increased official development assistance (ODA). France and Europe are committed to a specific timetable for reaching the objective of 0.7 per cent of gross national product.

But as necessary as this additional financing is, it nevertheless falls far short of what is needed. The time has come to create new mechanisms; we must draw on the wealth created by globalization to raise stable, sustained resources to benefit the poorest countries. Justice, solidarity and peace require that we do this.

In an appeal by the President of the Republic, Jacques Chirac, France joins Algeria, Brazil, Chile, Germany and Spain in calling on the international community to take up and implement that idea. Next year, a pioneering group of countries will be introducing a first international solidarity levy on airline tickets. It will provide an ongoing source of fresh financing without impeding the development of air transport. France proposes that, in allocating these resources, priority be given to the fight against HIV/AIDS, tuberculosis and malaria.

I wish to take this opportunity to call attention to a new emergency, a new threat which we all face but which, again, will hit the most vulnerable countries and populations especially hard. We must face up to the risk of an avian influenza pandemic. The scale of the threat is such that we must act without delay. We must all — the Food and Agriculture Organization of the United Nations, the World Health Organization, the World Organization for Animal Health, national public health authorities and the pharmaceutical industry — come together, marshalling our forces in order, pragmatically and efficiently: to stem the spread of the disease among animal populations and mitigate the economic impact on poor countries; to strengthen early detection capabilities aimed at identifying any new viral strain that is highly contagious to humans; to set up an international emergency stockpile of antiviral drugs so as to immediately contain any outbreak of infection in humans; to foster access to treatment in case of a pandemic; and to accelerate research and development aimed at devising a vaccine and ensuring that it is produced in sufficient quantities. Failure to make that effort could expose all of our countries and populations to this disease. All our efforts to foster development could then be brought to naught.

France makes a solemn appeal for a dual effort to fight disease and to fight poverty. It is our responsibility here to lend new impetus to solidarity. Our security is at stake. Our future is at stake. France is determined to act.

The Co-Chairperson (Sweden): I now give the floor to His Excellency Mr. Saifur Rahman, Minister of Finance and Planning of Bangladesh.

Mr. Rahman (Bangladesh): Five years ago, world leaders made the unprecedented promise of the Millennium Development Goals (MDGs). This time we are meeting again, not to make new targets but to assess the progress we have made so far and to intensify our efforts to reach the Goals.

It has been three years since Monterrey. The world has been changing rapidly. In particular, the volatility of food and commodity prices, including petroleum prices, is seriously denting the financing capacity of many poor countries. Although wealth and resources are ever expanding, they are unequally spread, resulting in a huge gap between the rich and the poor. Today, the international trade architecture is such that it adversely affects the poorer countries.

The United Nations has very rightly highlighted the fact that threats to peace and security come not just from war but also from poverty, infectious diseases and environmental degradation. Peace and poverty are never friends. Hence, there can be no sustainable development without world peace and security.

It is against this backdrop that we, as world leaders, are meeting here to find the best strategy for enhancing domestic capacity to address issues such as good governance. Here I must add that without good governance no amount of money will deliver results on the Millennium Development Goals. Most crucial of all is to mobilize adequate resources and ensure their fair and equitable allocation among deserving countries so that the MDGs can be achieved by the 2015 target.

I believe that money by itself will not do the job. Aid by itself is unlikely to achieve the desired degree of development. What is most important is governance and the manner in which assistance is used. Funds, whether from internal or external sources, must be used effectively and in a transparent manner for pro-poor growth instead of for only a section of the population. Large sums of money without good governance, prudent expenditure management, transparency and accountability are unlikely to produce the desired result.

Bangladesh believes that development must be home-driven and domestically owned. In line with the Paris Declaration on Aid Effectiveness, we believe that aid must be predictable and time-bound and that donors should align themselves with country procedures. For aid effectiveness, harmonization is a must among development partners on the one hand and between recipient countries and development partners on the other. We must also ensure mutual accountability and strengthen our public financial management capacity. I feel constrained to note here that even an ounce of failure on minor issues holds up the release of funds for major projects and programmes in third-world countries, despite tons of reasons to go ahead with such projects. I must add here that social and political issues should not overwhelm the compelling economic needs of the countries concerned.

As we all know, people are at the heart of the development process. From our own experience, we have seen that development can be achieved only against a backdrop of pluralism, democracy, good governance, the rule of law and gender sensitivity. Greater domestic resource mobilization, action against fiscal indiscipline, sound policies to encourage private-sector participation, dynamic administration, fiscal and monetary reform and increased domestic capacity achieved through building up sound oversight institutions and better expenditure management may work as effective tools to achieve the Millennium Development Goals.

I am very happy to inform the Assembly that we in Bangladesh have made significant progress in various areas I have just mentioned. We have undertaken a series of reforms in the public, financial and monetary sectors. We have liberalized our economy and have adopted free-market policies. Our achievements in social sectors such as health and education are the best in South Asia. Our success in the primary education sector is perhaps the most remarkable. Even given the paucity of resources, the gross enrolment rate in primary education in 2004 was 97 per cent. Bangladesh has virtually achieved gender parity in primary school level and access to safe drinking water for 100 per cent of the people.

The Bangladesh MDG Progress Report 2005, published jointly by our Government and the United Nations Development Programme (UNDP), recognizes that we have made impressive progress on the key human development indicators, which was also reflected in the 2004 UNDP Human Development Report. Bangladesh ranked 138 among 177 countries, graduating from a low-scale to a medium-scale human development process.

We have been able to achieve this progress because of: sustained macroeconomic stability; a low

rate of population growth; women's empowerment; sound internal revenue generation and expenditure management; effective disaster management capacity; the promotion of non-governmental organizations; spectacular food growth; and a vibrant, pluralistic, democratic civil society marked by cultural activism, development debates and a free and active press. The fact that we have been able to cater for a population of 140 million living in a small land of only 147,000 square kilometres is an indicator of the resilience, vigour and entrepreneurship of our people as they confront unpredictable nature. Yet despite all that progress we still have a long way to go.

To address the critical challenges facing the poor, an immediate and substantial scaling up of aid is the dire need of the time. We must enhance our capacity and mobilize more and more domestic resources. A true partnership including the stakeholders will be the key to this endeavour, which can bring about real change. We urge that a system be put in place that would reward genuine reform and good performance. Let our future commitment be result-based and performance-oriented. We must devote attention to the good performers so that they may soon escape the clutches of poverty.

The Co-Chairperson (Sweden): I call next on His Excellency Mr. Ahmed Aboul Gheit, Minister for Foreign Affairs of Egypt.

Mr. Aboul Gheit (Egypt) (*spoke in Arabic*): Today's meeting is especially important given the urgent need to assess what has actually been achieved by way of national and international commitments in the sphere of financing for development. For developing countries, development is a basic condition for emerging from hunger, poverty, disease and underdevelopment, factors which place a heavy burden on their very limited budgets. I stress that, unless we unify and redouble our efforts, developing countries, especially in Africa, will remain in a vicious cycle of poverty and will be unable to attain any of the Millennium Development Goals (MDGs).

The Monterrey Consensus emphasized that mobilizing financial resources is an essential element in the international partnership for development. Many developing countries have made enormous efforts to create a favourable national economic climate and to mobilize national resources by furthering the process of development in the political, economic and financial spheres. Many developed countries have demonstrated their readiness to meet their commitments. That fact was reflected in the outcome of the Group of Eight meeting held at Gleneagles, Scotland, which addressed development issues from a perspective taking account of their many-faceted nature and requirements.

The negotiations on the draft outcome document of the High-level Plenary Meeting showed that a great many developed countries are prepared to meet their commitments in numerous areas covered in the Monterrey Consensus.

Egypt calls for building on these very encouraging indicators by taking additional steps to implement the measures adopted at Monterrey in many areas, prominent among which is reaching the target level of ODA. Some countries have already done this, and many others have set a time frame for bringing this about. That is a very important step that should be appreciated by all countries, especially the developed ones.

Egypt believes that trade-related issues should be given high priority in the high-level meeting. We must all send a clear message concerning the need to implement the Doha Development Agenda and work tirelessly to ensure that international trade truly becomes an engine for development.

Finally, I should like to stress the importance of agreeing on a set of additional and innovative sources of financing for development as well as of finding a quick solution to the problem of external debt, which continues to plague a large number of developing countries, particularly African ones. In that regard, during the previous high-level meeting on financing for development, Egypt, based on its experience, proposed, in this very Hall, that debt swaps for development be used as an effective and innovative tool to address one of the major challenges confronting developing countries.

Finally, I should like to stress the importance of according our continent, Africa, the highest priority in the context of international development efforts in order to relieve the suffering of the African peoples, to help them to overcome the challenges facing them, and to adequately address their need for the development of human resources and for the transfer of technology. We look forward to continuing to work with our development partners and to coordinate all our efforts in order to promote development in Africa through its

own frameworks and mechanisms, such as the New Partnership for Africa's Development.

Egypt believes that the outcome document of this high-level meeting will represent a new point of departure and will enhance our cooperation in the interests of the well-being and prosperity of the peoples of Africa.

The Co-Chairperson (Sweden): I give the floor to Mr. Andrew Natsios, Administrator of the United States Agency for International Development of the United States of America.

Mr. Natsios (United States of America): In September 2000, at the Millennium Summit, 147 heads of State or government and 189 nations in total agreed to join forces to eradicate poverty.

The Millennium Summit gave the political impetus for reform, but it was at Monterrey, Mexico, two years later, that we all spelled out the recipe for successful development — the Monterrey Consensus. The world's leaders embraced good governance, domestic ownership of development strategies, trade and private investment as key elements of economic growth and prosperity.

In Africa, for example, many leaders are now working through the New Partnership for Africa's Development (NEPAD), linking poverty eradication to policies that promote sustainable growth and trade, good governance, and the fight against corruption.

For its part, the United States has increased its official development assistance even beyond President Bush's 2002 Monterrey pledge. Since 2000, American assistance has nearly doubled, rising from $10 billion to $19 billion in 2004. That constitutes 25 per cent of the official development assistance (ODA) from the 30 industrialized members of the Organization for Economic Cooperation and Development (OECD).

History has shown, however, that no amount of financial assistance can ensure development unless it is used effectively. A key issue in development finance is aid effectiveness. Better donor coordination can help, but even more important are recipient Governments' policies and commitment to eliminate corruption.

President Bush created an innovative new financing mechanism — the Millennium Challenge Account (MCA) — to help developing countries that govern justly, invest in their people and encourage economic freedom to "reduce poverty through growth". Millennium Challenge Account countries choose their own priorities, develop and implement their own programmes and agree up front in a compact on how to measure success. The Millennium Challenge Corporation has already committed nearly $1 billion to five countries with MCA compacts.

The United States Agency for International Development (USAID) has tried through its programmes to take advantage of new sources of development assistance in recent years, joining forces with socially responsible private-sector organizations in what we call the Global Development Alliance. Using our traditional development assistance in new ways, we have since 2002 invested $1.1 billion in 290 public-private alliances in 98 countries, while our private-sector partners have contributed more than $3.7 billion to those programmes.

Trade is also a critical avenue for promoting development. Through the African Growth and Opportunity Act (AGOA), the United States is helping African economies seize the opportunities of trade. Through United States trade capacity-building initiatives, totalling $921 million in 2004, we are helping countries create the conditions to be successful.

Without trade, there can be no sustained equitable economic growth. Without economic growth, tax revenues will not grow. And without tax revenues, improved public services are not sustainable. Development assistance is a catalyst for growth, but the primary engine for economic expansion and transformational development is sound policies at the national level and accountable government.

Foreign aid must also be used to help countries address the underlying causes of humanitarian and complex emergencies, while it provides immediate relief to people in need. That means building development components into our relief efforts, so that they may effectively put an end to dependency. Without this, the cycle of poverty will not be broken, and risks will be exacerbated.

Today's reconfirmation of the Monterrey partnership reaffirms our shared commitment to economic growth and sound governance. Expanding freedom and economic opportunity for all citizens is the surest way to lift entire societies out of poverty and despair.

The Co-Chairperson (Sweden): I give the floor to Her Excellency Mrs. Heidemarie Wiezcorek-Zeul, Federal Minister for Economic Cooperation and Development of Germany.

Mrs. Wiezcorek-Zeul (Germany): We need a United Nations that is capable of enforcing the might of the law and ending the practice of "might is right". Let us not miss this chance. Attempts to weaken the United Nations have failed. That is good news.

We very much welcome the fact that the Millennium Development Goals (MDGs) have been reaffirmed in the outcome document and that at the same time momentum has increased in our efforts to reach, in a timely and effective manner, our ambitious goals, in particular the 0.7 per cent target.

Giving shape to global good governance is a historic task. That vision is not only that of the Governments of our world. At the twentieth World Youth Day, four weeks ago in Cologne, I found that it goes far beyond that realm. I promised those young people that I would convey their visions to you. It is up to us to give young people all over the world a chance to make their dreams come true. Their visions are our obligations.

The scandalous fact that 30,000 children die from avoidable diseases every day demands that additional efforts be made by all of us. That is why it is so important that the European Union (EU) has adopted a concrete schedule for reaching the 0.7 per cent target for the first time: that means 0.51 per cent by 2010, and 0.7 per cent by 2015. The German Government will fulfil that time schedule, and we ask other donors to follow suit. We will also fulfil all our promises related to debt relief decided upon at the Group of Eight meeting at Gleneagles.

Let me add three further points that I think are also important to this discussion.

If trade is to make any contribution at all to the timely achievement of the Millennium Development Goals, we need decisions in the World Trade Organization now, not five years from now. Specifically, we need decisions that are pro-development and pro-trade-liberalization and that end agricultural export subsidies.

Secondly, as all our colleagues have said in this discussion, high oil prices are a heavy burden on the poorest developing and oil-importing countries in particular and have resulted in a loss of 2.7 per cent of their gross domestic product. That aggravates poverty.

There are two obvious conclusions. First, we must rely on renewable energy sources to a greater degree than ever before. Secondly, we must seek to achieve greater transparency and action with respect to oil markets. That is precisely the point of an initiative that Germany submitted within the framework of the Group of Eight. The United Nations, the International Monetary Fund and the World Bank should take up that concern.

Thirdly, we must embark on new paths when it comes to financing for development. Global tasks such as poverty reduction and the preservation of our natural environment must be addressed on a global scale, and that means that there is also need for financial instruments on a comparable scale. That is why we support, and ask that others support, the implementation of the Action Against Hunger and Poverty initiated by President Lula.

Lastly, we need worldwide disarmament. And we also need nuclear disarmament of all countries involved. It is obscene that global spending on armaments has now reached a level of more than $1 trillion, while global expenditure on development cooperation is only $78 billion. I therefore call on all players to shift expenditure priorities towards development in order to fight poverty, to fight hunger and to fight the causes of the growing violence and use of force in the world.

The Co-Chairperson (Gabon): I now give the floor to His Excellency Mr. Nobutaka Machimura, Minister for Foreign Affairs of Japan.

Mr. Machimura (Japan): I would like to express my gratitude for the opportunity to address this important meeting.

First, allow me to reiterate one of the fundamental aims of the United Nations: the promotion of social progress and better standards of life in larger freedom. In order to attain that aim, Japan is firmly committed to the Millennium Development Goals (MDGs) and welcomes the recent trend of increasing official development assistance (ODA) on a global scale.

At the 2002 Monterrey Conference, the international community agreed that a comprehensive approach to development financing that encompassed

domestic resource mobilization, ODA and trade and investment was essential for achieving the MDGs. In line with that approach, Japan, as the top donor country over the past decade, will strive to achieve a strategic expansion of its ODA volume in order to ensure a credible and sufficient level of ODA. I would like to mention just a few of the recent initiatives in which I have been personally involved, specifically my Government's intention to increase its ODA volume by $10 billion in aggregate over the next five years and to double aid to Africa over the next three years. Japan is not only increasing the volume of its ODA but also improving its quality and effectiveness based on the action plan for implementing the Paris Declaration on Aid Effectiveness.

Let me mention two approaches that Japan believes are important for development.

The first is human security, the essence of which is the protection and empowerment of the individual. I believe that the realization of MDGs has to be accompanied by successful efforts to ensure that people everywhere are able to live their lives in freedom and dignity.

Secondly, Japan has actively promoted South-South cooperation, while respecting the ownership of developing countries, and will continue to do so. The New Asia-Africa Strategic Partnership, adopted in Indonesia last April, is a major milestone in that area, and Japan is committed to making it work. One example of Japan's support for that new partnership is the concept of an Asian-African development university network, which we are currently exploring together with other interested countries and organizations.

As we are all aware, now is the time to translate our commitments into decisive actions, and I assure the Assembly that Japan will stand together with all other countries to work to improve the well-being of people around the world.

The Co-Chairperson (Sweden): I now give the floor to His Excellency Mr. Ali Rodríguez Araque, Minister for Foreign Affairs of the Bolivarian Republic of Venezuela.

Mr. Rodríguez Araque (Bolivarian Republic of Venezuela) (*spoke in Spanish*): The assessment that we can make today of the Millennium Summit and the Monterrey Consensus in the light of the facts is not very encouraging. Poverty and inequality continue to grow unchecked in many countries, and inequality grows, in particular, between countries and between regions. One horrifying fact is very illustrative: every three seconds a child dies due to poverty.

The financial system that today rules the world pressures and shapes laws and institutions in the countries receiving credits or donations. Far from promoting equitable systems for the distribution of income, they create more regressive systems at both the national and the interregional levels.

For its part, Venezuela has entered a genuine process of economic recovery enabling it to tackle its development problems and contribute to the processes taking place in brother countries of the region, in particular in the energy sector, with a view to encouraging integration processes.

Economic success, political stabilization and the implementation of a progressive system for the distribution of income have led, in barely two years, to the fact that 1.5 million people have been taught to read and write. In the same period, 700,000 students who had been forced to abandon school due to poverty were able to return to their studies.

In the health sector, medical services have been made available to 17 million Venezuelans who previously had no access to any type of medical attention. The focus on nutrition, health and education has reversed the negative statistics that the United Nations Development Programme and the Centre for Latin American Studies recorded for Venezuela in 2003, which have recently been published. It is certain that in the future those indexes will reflect the present gains.

Within a framework of solidarity and cooperation, through the PetroCaribe initiative, up to 40 per cent of the cost of oil for a group of 14 Caribbean countries will be financed over a period of 25 years at a maximum of 2 per cent interest. Over 10 years, that financing will amount to approximately $17 billion, in a clear plan for South-South cooperation.

Many more encouraging statistics could be mentioned, but time constraints oblige me to be brief.

The democratic challenge today is, above all, a social and human challenge. It has to be understood as such because of the mandate of our peoples and the mandate of all humanity.

The Co-Chairperson (Sweden): I now give the floor to Mr. José Manuel Barroso, President of the European Commission.

Mr. Barroso (European Commission): Why are we here today? To voice public concern for the more than 1 billion people still living in extreme poverty? Or to go beyond words and turn this into the breakthrough summit where the whole world shows its refusal to accept death by poverty in a world of plenty?

The stakes are high. Some 25,000 people die every day because they do not have enough food to eat or clean water to drink. Ending that situation is the challenge of our generation. We have the resources to win this war on want. Now, this week in New York, we can show we have the will to win it as well.

The European Union has taken a lead here. We already provide 55 per cent of all official development aid spent worldwide. This summer we agreed to go further, nearly doubling overseas aid between 2004 and 2010. At least 50 per cent of that increase will be targeted for Africa.

Why have we done this? Because the longstanding target of the United Nations of spending 0.7 per cent of gross domestic product on official development assistance is an achievable target, not an aspirational goal. It is a target with a purpose: to end extreme poverty.

But it is also about offering better and more effective aid. It is about policy coherence, improved delivery and untying aid. In all those areas, the European Union has shown its determination to turn worthy aspirations into action.

However, no developing country ever became a developed country through aid alone. International trade is an incredibly powerful engine for sustainable development. A one-per-cent increase in Africa's share of global trade would deliver four or five times more income every year than what the continent currently receives in aid.

That is why Europe's Everything but Arms initiative allows all goods imported from the world's least developed countries, except munitions, to enter the European Union completely free of duties and quotas. That is why the European Union is the world's biggest provider of trade-related assistance: to help developing countries to fully exploit market access opportunities and develop their trading capacity. At the Group of Eight summit this summer, I pledged to increase that trade assistance still further, to €1 billion a year. Aid and trade will help those countries whose Governments assume responsibility for their own development. European Union aid supports Governments in their efforts to mobilize domestic resources, implement effective national development policies, put in place accountable governance structures and uphold human rights and the rule of law. That is essential.

Development is about human beings, not just economic theory. The universal promotion and protection of their rights is an essential global value.

I firmly believe that if others match Europe's increased aid and trade and development initiatives, if we can support a successful conclusion to the Doha development round of world trade negotiations and if developing countries deliver on their side of the bargain, achieving the Millennium Development Goals will be within our grasp.

The choice before us today is clear: to close our eyes or to redouble our efforts. Europe has shown the lead. We can and will do more. I hope and I know that others will join us.

The Co-Chairperson (Sweden): I now give the floor to Mr. Kipkorir Aly Azad Rana, Deputy Director-General of the World Trade Organization.

Mr. Rana (World Trade Organization): It is a privilege and an honour to address the Assembly on behalf of the World Trade Organization and the new Director-General, Mr. Pascal Lamy, who sends his best wishes. He had to remain in Geneva because he is holding his first meeting of the Trade Negotiations Committee.

This morning, we have heard many speakers speak about international trade, which is one of the targets of the Millennium Development Goals and which figures prominently in the Monterrey Consensus on Financing for Development. But, as we all know, the potential for international trade to contribute to development has not yet been fulfilled. Secretary-General Kofi Annan, one of the multilateral trading system's ardent supporters, has recognized that the current round of trade negotiations at the World Trade Organization (WTO) is an opportunity to rectify that problem and translate words into action. At this summit, he has placed before world leaders the

challenge to commit to completing the round by no later than 2006 and to ensure that the development promise is fully realized. I regret to say that the current rate of progress remains far from sufficient to ensure that the 2006 deadline will be met. The next benchmark for the negotiation is the Sixth Ministerial Conference, to be held in December this year in Hong Kong, China.

Director-General Lamy has already flagged the fact that many problems still confront negotiators and that very little time remains. Some progress has been made in various areas of the negotiations: agriculture, non-agricultural market access, services, rules and special and differential treatment. Negotiations on trade facilitation have started in earnest, with strong participation from developing countries. But let us be clear, this progress is nowhere near sufficient in terms of our critical path to Hong Kong. And progress is not being seen on the key issues, which would help unblock progress across the board.

Overall, there seems to be a renewed sense of blockage and frustration. We are also seeing a resurgence of the sterile debate about process, rather than negotiations on substance. One reason for the lack of progress is that very little of the political support that has been shown at successive ministerial meetings has turned into concrete progress in the negotiating groups. Everyone has a generalized commitment to progress. But when it comes to specifics, the familiar, defensive positions take over. It is of utmost importance to re-energize the negotiations in the remaining months before we go to Hong Kong and to renew the momentum as early as possible. Intensive work will have to be done in the last quarter of the year for us to see any positive results.

High ambitions remain for significant results across a broad range of issues by then, and that is necessary if we are to have a chance of finishing the round in good time. The Hong Kong meeting must take us into the last lap of the negotiations. That, in turn, means that ministers have to be presented there with a manageable set of key decisions for consideration. If ministers are presented with a large number of decisions to make, the ministerial meeting will fail.

There is a need to change gears in the negotiations and, even more, to change mindset and approach. The time is long overdue to pass from identifying problems to solving them, from the technical to the political level, from generalities to specifics. Bearing in mind the principle of the single undertaking, according to which nothing is agreed until everything is agreed, negotiators need to show greater willingness to reach out to each other's needs. We need to apply less creative energy to deciding whose fault everything is and more to finding solutions that everyone can share in.

The developing world and the international community have much to lose if the Doha round fails. Given the political will, the international community also has the foresight, compassion and energy to ensure that it will not fail.

In conclusion, on behalf of the World Trade Organization, I should like to convey our best wishes to the United Nations on the auspicious occasion of its sixtieth anniversary. I have noted all the comments made on the Doha round and on the need for the success of the negotiations and the meeting in Hong Kong. They will be passed on.

The Co-Chairperson (Sweden): I now give the floor to Ms. Leonor Briones, Director of Social Watch.

Ms. Briones (Social Watch): The Millennium Development Goals will not be reached by 2015. That is the assessment of civil society organizations five years after the Goals' adoption by the global community of nations. The promises of the Millennium Declaration are not fulfilled. The financial resources identified in the Monterrey Consensus have not all been generated. The leading actions on financing for development which heads of State and leaders of Government agreed upon have not been fully implemented.

As a consequence, more than a billion people continue to live in absolute poverty. Girl children are still unable to go to school. Infant mortality rates remain high. Mothers still die in childbirth. The HIV pandemic continues to escalate. The environment continues to be devastated. And global issues with respect to trade, debt and official development assistance remain unresolved.

Developing countries are continually reminded that they are responsible for mobilizing domestic resources. But how can they collect more taxes when their economies stagnate and are stunted as a result of unfair terms of trade, massive debt burdens and structural adjustment programmes?

We deplore the conditionalities applied to structural adjustment programmes, which compel countries to open their markets and their natural resources to foreign investment.

Developing countries demand not only that foreign investors should exercise corporate responsibility; they need to be transparent in their operations. They have to be accountable to their host countries, whose natural resources they exploit for profit.

Trade is the single most important external source of development financing. Ironically, many developing countries continue to suffer from unfair terms of trade. As poignantly stated by an African official, "You demanded that we faithfully pay our debts, and we did. You asked us to restructure our economies. Our people underwent indescribable suffering, but we did it. You even demanded that we change our leaders, and we did. But you refuse to buy our cotton, our cocoa and our other products."

A substantial increase in official development assistance to developing countries has not been achieved. A number of rich countries consistently refuse to honour their 30-year commitment to share 0.7 per cent of their gross national product. We ask the General Assembly to remind recalcitrant Member States of that promise.

It has been two decades since the last global debt crisis. The babies who survived that crisis are now 20 years old. They still carry the scars of malnutrition, inadequate education and poor health. They have been tragically deprived of the basic capacities for human development.

The debt crisis continues to rage in many countries in Asia, Latin America and Africa. While the Group of Eight committed itself to cancelling all debts of eligible heavily indebted poor countries, countries that are euphemistically described as middle-income countries teeter on the brink of disaster as they struggle with unsustainable debts. Those countries have been further shaken by natural catastrophes, bad terms of trade, bloodletting and conflict. We therefore urge the General Assembly to support debt relief for middle-income countries whose economies have been devastated by natural catastrophes such as the tsunami and countries with high levels of poverty and debt.

The persistence of debt crises underscores the need to reform the international financial system. We demand transparency and accountability from multilateral institutions. The voice and the vote of developing countries in the governance of those institutions need to be strengthened. Likewise, we urge the Members of the General Assembly to allocate more resources to promoting gender equality in their respective countries.

The heads of State and leaders of Government have made many promises for decades, including at the 1995 World Summit on Social Development, the 1995 Beijing World Conference on Women, the 1999 Group of Seven summit, the 2000 Millennium Summit, the 2002 International Conference on Financing for Development, the 2002 Johannesburg Summit and the Group of Eight summit at Gleneagles.

Promises, promises. This session of the General Assembly is not the time for more promises. It is time to fulfil old and new promises. The poor of the world cannot wait for 2015. Fulfil your promises.

The Co-Chairperson (Sweden): I now give the floor to Mr. Rajat Kumar Gupta, Senior Partner Worldwide of the McKinsey and Company Inc.

Mr. Gupta (McKinsey and Company): I have spent much of my life in dialogue between business, government and civil society. I speak to the Assembly today as a true believer in the idea that when all three work together in public-private partnerships — the Global Fund, for example — our world works better. But mistrust and misunderstanding prohibit us from working together more often. And when that happens, we all lose. Business loses opportunity, government loses credibility and society loses most of all.

Let me, therefore, begin by expressing in the strongest possible terms my belief and my experience that economic growth and our ambitions for the eradication of poverty depend upon the energy and drive of business and commerce. In fact, I cannot envision development strategy that is absent of or uninformed by the private sector.

Yet, when we examine where development has succeeded, in every single case business was the engine of development, because business kick-starts the virtuous economic cycle. New enterprises are formed, new jobs are created, new skills are gained and incomes begin to rise. Soon, growth and productivity

follow, spurring more innovation and efficiency, bringing the products and services that people want and need. And in parallel, people gain opportunity, empowerment and dignity.

The simple truth is that there is no hope for development without business and, in the long term, there is no business without development.

Let me start with business. The very vitality of the business sector is growth. Growth is demanded by shareholders. But, more important, it is what inspires workers and management. Today, companies are relentless in pursuing new technologies, new product markets and new economies. But many of these markets are still developing, as many of these countries are still in the process of development.

A new approach is, therefore, required. Companies that take a very short-sighted view make fundamental mistakes. They make the moral mistake of seeing profits, and not people. They also make a management mistake by investing where there is only short-term gain. They fail to build long-term markets and long-term opportunities, the crux of business success.

Enlightened self-interest should send business leaders to the development table, to be co-architects of development strategies, to join in public-private partnerships and, as appropriate, to engage in philanthropy. And I say to business leaders: do not do this under pressure; do it because you will be building stronger communities filled with prosperous citizens soon to be your employees and your customers.

As for Governments, I say that they cannot hope for development without business. But business does indeed need them to be successful. Whenever we see evidence of the private sector bringing development, in every single case Government got the conditions right. Governments and Governments alone get to set these conditions: conditions that enable business to grow and, in turn, societies to prosper.

First of all, in the most underdeveloped economies, the aid and innovative financing provided by rich countries can create the minimum threshold required for the private sector to prosper. It is only when the Millennium Development Goals are actively being pursued that the virtuous cycle of development can begin. Then, in every country, leaders set the framework for local entrepreneurship by setting up businesses, by closing them down, and by formalizing the rules of the game. Furthermore, they set the framework for national competitiveness, protection of workers, enforcement of contracts and protection of intellectual and other property rights.

I would urge leaders to have higher expectations of what business can deliver; of how business can bring more than investment, but also expertise and capability; of how business can not only provide enterprise, but also help with infrastructure and the delivery of public goods. Those aspirations may sound as if they are aimed too high, but I believe that development that fails to leverage the best of business is development that is aimed too low.

All of us need to raise our game. I know that many of the government reforms I speak of require courage and political risk. This Hall has many political statesmen; but in my encounters with corporate clients around the world, I see more and more businessmen becoming statesmen too. There is growing evidence that partisan mindsets that threaten cooperation can become a thing of the past.

I urge every world leader, as well as my fellow business leaders, to embrace this opportunity to act in our own enlightened self-interest and to work together in the spirit of real partnership.

The Co-Chairperson (Sweden): We have heard the last speaker in the debate.

The General Assembly has thus concluded its separate meeting on financing for development and this stage of its consideration of agenda item 53 of the provisional agenda.

The meeting rose at 2.25 p.m.